

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

SUGAR REPORTS

S. DEPARTMENT OF AGRICULTURE • PRODUCTION AND MARKETING ADMINISTRATION • SUGAR BRANCH

Washington, D. C.

OCTOBER - 1953

No. 21

SPECIAL ISSUE FOR HEARING
ON
1954 SUGAR REQUIREMENTS

A public hearing will be held beginning at 9:30 a.m. on November 16, 1953 in connection with sugar requirements for consumers in the continental United States during 1954 and the establishment of sugar quotas for the supplying areas. The hearing will be held in the Auditorium, South Building, United States Department of Agriculture, Washington 25, D. C.

The principal matters for consideration will be (1) the manner of determining deficiencies or surpluses in inventories of sugar; (2) the effect upon requirements of various changes in demand conditions; (3) the effect of the prospective 1954 level and trend of consumer purchasing power upon sugar requirements; (4) the manner in which the relationship between the wholesale price of refined sugar and the general cost of living in the United States should be considered; and (5) the relative importance of the foregoing factors. The hearing will afford all interested persons an opportunity to present orally data, views, or arguments pertaining to these matters.

The hearing notice also invites written statements on matters to be considered in the hearing. In addition, such written statements may include data, views, and arguments regarding: (1) sugar requirements and quotas for local consumption in Hawaii and in Puerto Rico for the calendar year 1954; (2) the amount by which any area will be unable to market the quota for such area in 1954 and the reallocation of such deficit.

Written data, views, and arguments must be submitted in duplicate to the Director of the Sugar Branch, Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C. and must be received by November 27, 1953.

Four sections of the Sugar Act are pertinent to the hearing and to filing of the material. Section 201 governs the determination of the quantity of sugar required to meet the needs of consumers in the continental United States. Section 202 prescribes the method by which quotas shall be established by the Secretary and how he shall revise them if necessary. The determination of local consumption requirements and quotas for Hawaii and Puerto Rico is covered by Section 203. When the Secretary determines that any area is unable to market its quota, Section 204 prescribes how he shall prorate the deficits to other sugar producing areas.

The material included in this issue of Sugar Reports is provided for the information of persons interested in these matters.

INDEX

Page number

Consumption Requirements 1954, Hearing	1
Distribution - continental United States	4
Hawaii	25, 26
Puerto Rico	25, 26
Employment, civilian	8
Employees, Hourly Earnings, Wages and Salaries and Value added by manufacture in:	
the domestic sugar industry	27
specified food industries	28, 29
Food costs	10
Incomes - consumer	10
disposable	18, 20
of workers in United States	9
International Sugar Agreement, the New	40 to 46
Inventories - primary distributors	5, 6
Population - continental United States	7
Hawaii	26
Puerto Rico	26
Parity Prices of Sugar Beets and Sugarcane	32 to 39
Price discounts and premiums, raw sugar to U. S.	21,
Prices -	
all foods	17, 19, 20
farmers'	11, 12, 13
selected ingredients in sugar-containing products	22, 23
sugar adjusted for changes in Consumers' Price Index	16
sugar beets and sugarcane	14
sugar and related data	15
Profit, net, as a percentage of net worth of U. S.	
manufacturers of food and related products	30, 31
Quotas	24
Requirements of consumers - continental United States	3
Hawaii and Puerto Rico	25
Stocks, primary distributors	5, 6

SUGAR REQUIREMENTS OF CONSUMERS

Section 201 of the Sugar Act places upon the Secretary of Agriculture a responsibility which may be outlined as follows:

THE PROBLEM: To determine during December 1953 the quantity of sugar needed in 1954 to meet the requirements of consumers in the continental United States.

THE OBJECTIVE: To provide a supply of sugar that will be consumed at prices which will not be excessive to consumers and which will fairly and equitably maintain and protect the welfare of the domestic sugar industry.

IN MAKING THIS
DETERMINATION
THE SECRETARY
MUST:

Use as a basis:
the quantity of direct-consumption sugar distributed during the 12-month period ended October 31, 1953.

Make allowances:
for deficiency or surplus in inventories;
for changes in population;
for changes in demand conditions.

Take into consideration:
the above basis and allowances,
the level and trend of consumer purchasing power,
and
the relationship of:
wholesale refined sugar prices to the
Consumers' Price Index for two periods -
(1) Calendar year 1954
(2) January-October 1947

The tables and charts which follow are in the same general order as the above outline.

DISTRIBUTION OF SUGAR

The Secretary of Agriculture is required to use as a basis for determining the 1954 requirements of consumers in the continental United States the quantity of sugar distributed for consumption in the November 1952 October 1953 period. Distribution during this period, with comparative data for previous periods is shown in the following table.

Table 1. DISTRIBUTION OF SUGAR BY PRIMARY DISTRIBUTORS FOR CONSUMPTION IN CONTINENTAL UNITED STATES, 12-MONTH PERIOD ENDED OCTOBER 31, 1953 WITH COMPARISONS (1,000 short tons, raw value)

	<u>1947-48</u>	<u>1948-49</u>	<u>1949-50</u>	<u>1950-51</u>	<u>1951-52</u>	<u>1952-53</u>
November	579	572	537	511	558	519
December	329	556	524	682	521	595
January	340	559	509	653	568	575
February	391	499	502	553	554	546
March	560	615	618	530	860	877
April	571	537	564	524	609	587
May	586	601	738	1,094	595	598
June	811	790	862	802	896	730
July	922	745	1,189	510	755	885
August	893	923	946	670	732	777
September	609	727	653	645	749	821 ^{1/}
October	532	523	505	677	672	623 ^{2/}
Total 12-month period	7,123	7,647	8,147	7,851	8,069	8,183

^{1/} Preliminary

^{2/} Last 2 weeks estimated same as week ending October 17, 1953.

PRIMARY DISTRIBUTORS' INVENTORIES OF SUGAR

The Secretary of Agriculture, when making the determination of the requirements of consumers in the continental United States, must " . . . make allowances for a deficiency or surplus in inventories of sugar" In making the determination for 1954 he will use the latest inventory data available for 1953 and comparable data for previous years.

Stocks held by primary distributors on October 17, 1953 as compared with October 31, November 30, and December 31 for previous years are shown in Table 2.

The December 31 "quota stocks," represent sugar in stock which had been charged against the quota for the year shown. "Over-quota stocks" are (1) those charged to the succeeding year's quota and (2) those held under bond for re-export. Only "quota stocks" are the basis for " . . . allowances for a deficiency or surplus in inventories of sugar . . ." referred to in the Act.

Table 2. STOCKS OF SUGAR HELD BY PRIMARY DISTRIBUTORS ON
OCTOBER 17, 1953 AND ON OCTOBER 31, NOVEMBER 30 AND DECEMBER 31 IN
OTHER SPECIFIED YEARS

(1,000 short tons, raw value)						
	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u> *
				<u>October 31</u>		
Refiners' raws	314	163	314	264	173	242
Refiners' refined	193	150	261	218	212	269
Importers, D.C.	<u>54</u>	<u>36</u>	<u>19</u>	<u>80</u>	<u>56</u>	<u>31</u>
Sub-total	561	354	594	562	441	542
Beet Processors	694	520	543	599	535	367
Mainland Cane Mills	<u>11</u>	<u>5</u>	<u>24</u>	<u>6</u>	<u>19</u>	n.a.
Sub-total	705	525	567	605	604	
GRAND TOTAL	1,266	879	1,161	1,167	1,045	
				<u>November 30</u>		
Refiners' raws	266	257	367	279	212	
Refiners' refined	120	145	284	222	221	
Importers, D.C.	<u>30</u>	<u>32</u>	<u>15</u>	<u>63</u>	<u>34</u>	
Sub-total	416	434	666	564	467	
Beet Processors	1,037	933	1,024	987	990	
Mainland Cane Mills	<u>28</u>	<u>27</u>	<u>73</u>	<u>33</u>	<u>59</u>	
Sub-total	1,115	1,010	1,102	1,020	1,049	
GRAND TOTAL	1,531	1,444	1,768	1,584	1,516	
				<u>December 31</u>		
<u>"Quota stocks"</u>						
Refiners' raws	217	274	258	258	175	
Refiners' refined	158	154	205	191	199	
Importers, D.C.	<u>17</u>	<u>19</u>	<u>9</u>	<u>46</u>	<u>19</u>	
Sub-total	392	447	472	495	393	
<u>"Over-quota stocks"</u>						
Refiners' raws	6	109	7	47	16	
Refiners' refined	0	33	0	0	0	
Importers, D.C.	1	2	3	0	1	
Beet processors	1,039	1,113	1,263	1,175	1,133	
Mainland Cane Mills	<u>58</u>	<u>50</u>	<u>89</u>	<u>46</u>	<u>74</u>	
Sub-total	1,104	1,312	1,367	1,268	1,224	
GRAND TOTAL	1,496	1,759	1,839	1,763	1,617	

* As of October 17.

n.a. Not available.

POPULATION CHANGES

Section 201 of the Sugar Act requires the Secretary of Agriculture to make allowances for population changes when determining the requirements of consumers in the continental United States for the calendar year 1954. These data are shown in table 3 together with those on total and per capita distribution of sugar in the respective years.

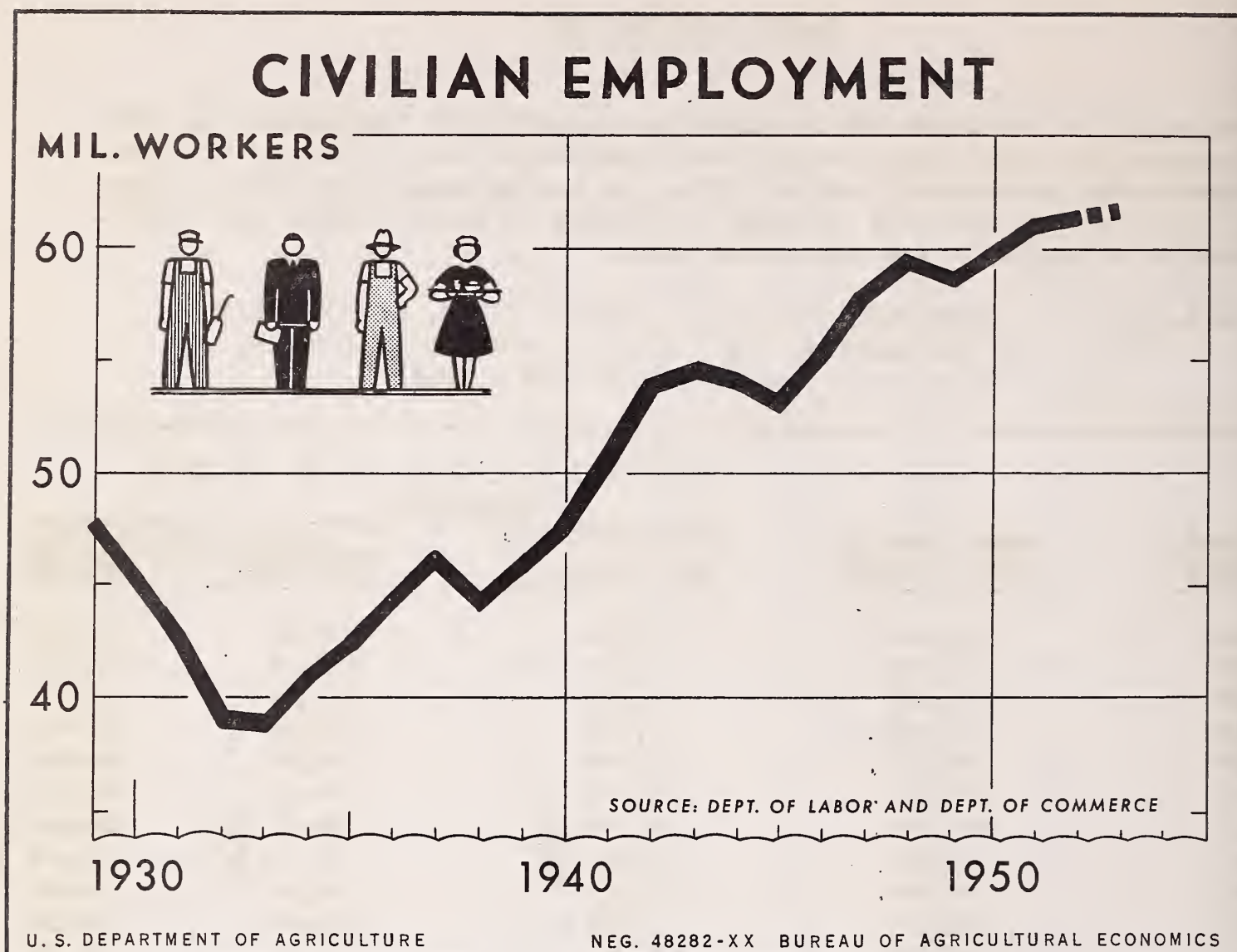
Table 3. POPULATION 1935-1954, SUGAR DISTRIBUTION FOR U. S. CONSUMPTION
BY PRIMARY DISTRIBUTORS AND PER CAPITA SUGAR DISTRIBUTION,
IN THE CONTINENTAL UNITED STATES 1935 - 1952

Calendar Year	Population 1/ (000 omitted)	Distribution of Sugar by Primary Dis- tributors		
		1,000 short tons raw value	Pounds, per capita	
			raw value	refined
1935	127,250	6,634	104.27	97.45
1936	128,053	6,706	104.74	97.89
1937	128,825	6,671	105.57	96.79
1938	129,625	6,643	102.34	95.64
1939	130,880	6,868	104.95	98.08
1940	132,122	6,891	104.31	97.49
1941	133,402	8,069 2/	120.97 2/	113.06 2/
1942	134,860	5,466 2/	81.06 2/	75.76 2/
1943	136,739	6,335	92.66	86.60
1944	138,397	7,147	103.28	96.52
1945	139,928	6,040	86.33	80.68
1946	141,389	5,621	79.51	74.31
1947	144,126	7,448 2/	103.35 2/	96.59 2/
1948	146,631	7,343 2/	100.16 2/	93.61 2/
1949	149,188	7,580	101.62	94.97
1950	151,677	8,279 2/	109.17 2/	102.03 2/
1951	154,360	7,737 2/	100.25 2/	93.69 2/
1952	156,981	8,104	103.25	96.50
1953	159,696			
1954	162,200 3/			

1/ Total population of continental U. S. as of July 1, including armed forces overseas (Bureau of the Census).

2/ Unusually large distribution in 1941 due to war in Europe; in 1947 due to termination of rationing and price controls; in 1950 due to outbreak of hostilities in Korea; in each case large quantities undoubtedly carried over into following year.

3/ Projection: see Bureau of the Census, Report P-25, No. 78 issued August 21, 1953.



The upward trend in civilian employment since the mid-1930's reflects a relatively steady growth in the labor force as well as the rising level of business activity and a decline in unemployment. From 1943 to 1945, the number of employed civilians decreased with the entrance of many workers into the armed forces. Civilian employment in 1953 is expected to total a little larger than in 1952.

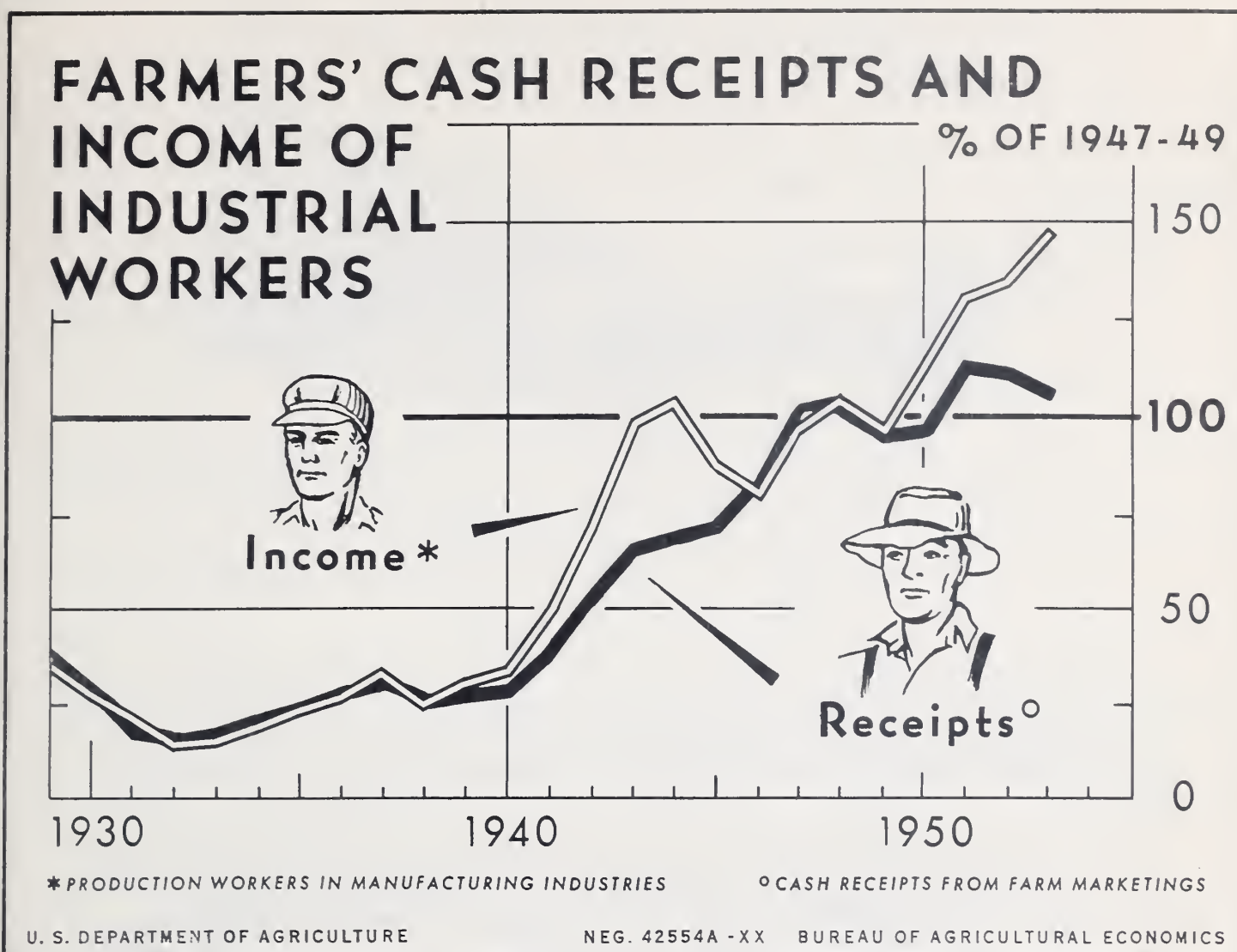
Total Civilian Employment, 1940-53 1/			
Year	Total Civilian Employment (Thousands)	Male (Thousands)	Female (Thousands)
1940	47,250	35,550	11,970
1941	50,350	37,350	13,000
1942	53,750	38,580	15,170
1943	54,470	36,270	18,200
1944	53,960	35,110	18,850
1945	52,820	34,210	18,610
1946	55,250	38,940	16,310
1947	58,027	41,677	16,349
1948	59,378	42,628	16,950
1949	58,710	41,660	17,049
1950	59,957	42,287	17,670
1951	61,005	42,490	18,515
1952	61,293	42,391	18,902
1953 2/	62,200		

1/ 14 years of age and over

2/ Estimated

Source: Bureau of the Census, U. S. Department of Commerce

Figure 2

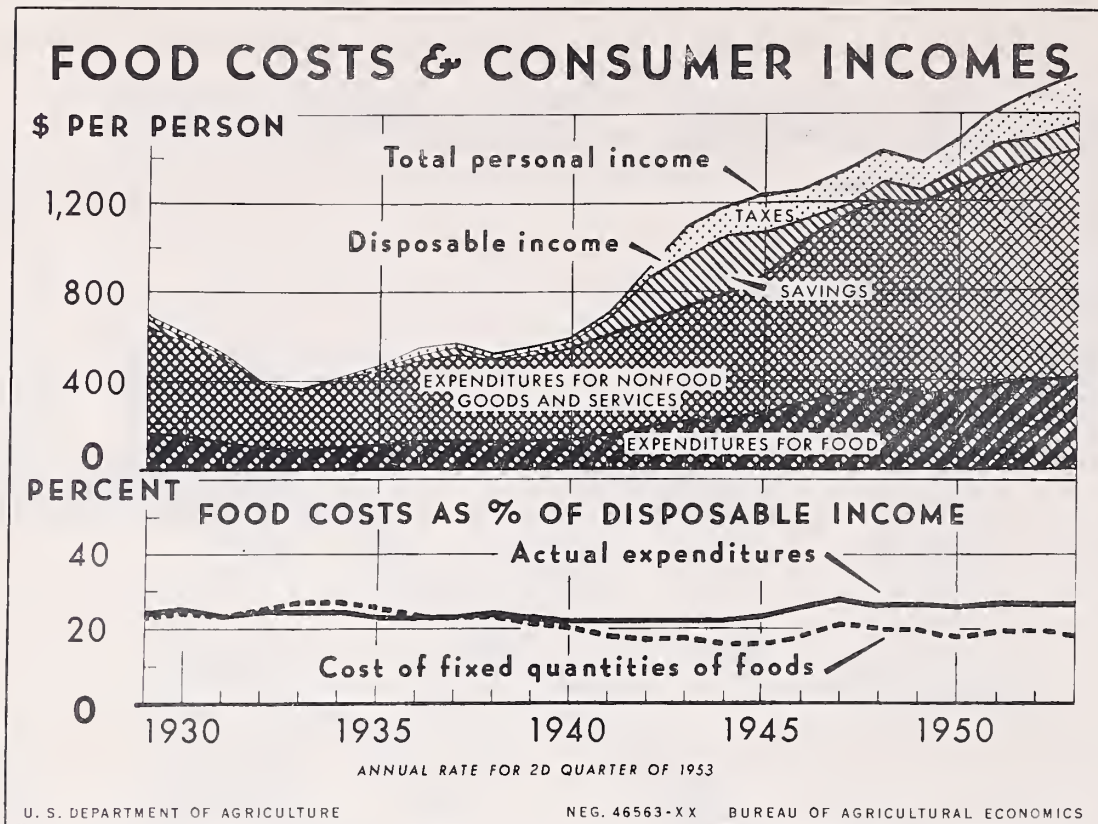


Total payrolls of production workers in manufacturing industries responded quickly in early 1950 to the recovery in business activity, while farmers' cash receipts continued substantially below levels of a year earlier. Cash receipts in the second half of 1950, however, rose under the stimulus of expanding demand and rising prices following the Korean outbreak. Production workers' payrolls continued to rise in 1951 and 1952, and reached a peak in March 1953. They have since tapered off. Cash receipts from farm marketings in 1952 were down slightly from the previous year and in 1953 are expected to be about 4 percent below 1952, as an increased volume of marketings is more than offset by lower average prices.

CASH RECEIPTS FROM FARM MARKETINGS AND PRODUCTION WORKERS PAYROLLS, 1929-53
Index Numbers (1947-49 = 100)

Year	Cash Receipts From Farm Marketings	Production Workers Payrolls	Year	Cash Receipts From Farm Marketings	Production Workers Payrolls
1929	38.6	35	1943	66.1	99
1930	30.9	28	1944	69.6	103
1931	21.7	22	1945	73.0	88
1932	16.2	15	1946	83.9	81
1933	18.1	16	1947	101.4	98
1934	21.6	20	1948	103.1	105
1935	24.2	24	1949	95.4	97
1936	28.5	27	1950	96.7	112
1937	30.1	33	1951	112.0	130
1938	26.3	25	1952	110.5	135
1939	26.7	30	1953 ^{1/}	106.4	147
1940	28.5	34			
1941	37.8	49			
1942	52.9	72			

^{1/} Tentative estimates



Expenditures for food and meals this year are averaging slightly above the 1952 high of \$400 per person. Consumer's food expenditures this year make up about the same proportion of their disposable income as in recent years - 27 percent. Consumers are spending a bigger part of their income for food than in 1935-39, but this is because they are eating more and better foods at home and are buying more restaurant meals than in the pre-war period. For the same food that consumers bought in 1935-39 they would have spent only 18 percent of their income in 1953, compared with 23 percent in the pre-war period.

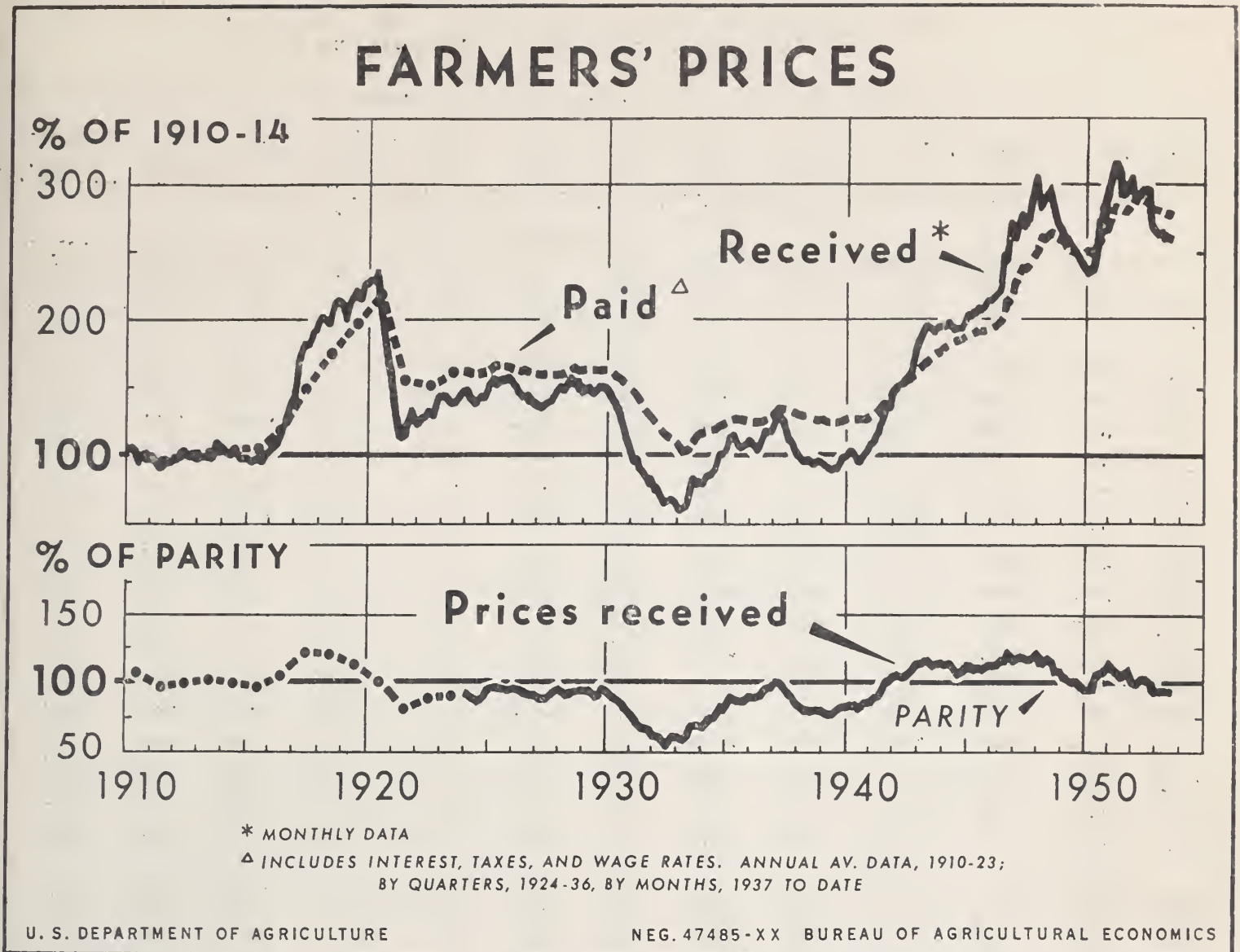
Per capita food cost and expenditure related to total and disposable income, United States average, 1929-53

Year	Total personal income			Total disposable income			Food Expenditure			Cost to consumer of fixed quantities of food representing 1935-39 average annual consumption per person		
	As percentage of income	As percentage of income	As percentage of income	Actual	Total income	Disposable income	Expenditure for goods & services	Actual	Total income	Disposable income		
Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Dollars	Percent	Percent			
1929	699	677	647	162	23	24	25	156	22	23		
1930	619	599	575	147	24	25	26	146	23	24		
1931	523	508	493	119	23	23	24	117	23	23		
1932	395	383	394	91	23	23	24	95	24	25		
1933	371	360	369	87	23	24	24	98	26	27		
1934	421	409	411	97	23	24	24	111	26	27		
1935	470	456	442	108	23	24	24	121	26	27		
1936	534	516	488	119	22	23	24	122	23	24		
1937	574	552	521	128	22	23	25	126	22	23		
1938	526	504	497	121	23	24	24	115	22	23		
1939	555	536	515	121	22	23	23	112	20	21		
1935-39 av.	532	513	493	119.4	22	23	24	119.4	22	23		
1940	593	573	545	129	22	23	24	114	19	20		
1941	714	690	617	151	21	22	24	127	18	18		
1942	910	866	676	187	21	22	28	151	17	17		
1943	1,099	969	748	214	19	22	29	173	16	18		
1944	1,199	1,062	806	230	19	22	29	172	14	16		
1945	1,229	1,080	880	252	21	23	29	177	14	16		
1946	1,257	1,124	1,039	294	23	26	28	203	16	18		
1947	1,325	1,176	1,149	331	25	28	29	245	19	21		
1948	1,429	1,285	1,213	352	25	27	29	258	18	20		
1949	1,380	1,255	1,211	342	25	27	28	245	18	20		
1950	1,495	1,357	1,283	350	23	26	27	246	17	18		
1951	1,647	1,458	1,348	393	24	27	29	276	17	19		
1952	1,718	1,497	1,389	406	24	27	29	281	16	19		
1953												
1st Qtr.	1,773	1,545	1,434	3/410	23	27	29	272	15	18		
2nd Qtr.	1,784	1,554	1,445	3/412	23	27	29	273	15	18		

1/ Computed from aggregate income and expenditure data of the Bur. of Foreign and Dom. Com., published in Survey of Current Business (National Income Supplement 1951 and July 1953 issue), using total U. S. population as estimated by the Bur. of the Census.

2/ Cost to consumers of quantities of foods representing average annual consumption per person during 1935-39 is calculated by taking 1935-39 actual food expenditure (\$117.6) and applying to this base cost a U. S. average consumer's food price index. The index is a weighted average of indexes representing (1) retail food prices in urban places (Bur. of Labor Statis.), (2) retail food prices in rural areas (Bur. of Agr. Econ.), and (3) prices received by producers applied to foods consumed on farms where produced.

3/ Estimated by the Bur. of Agr. Econ. from expenditures for food and alcoholic beverages reported by the Bur. of Foreign and Dom. Com.



With a general increase in supplies and some easing in domestic demand accompanied by sharply reduced exports of most farm products in 1952, average prices to farmers have been dropping since early 1951. In August 1953 they were 13 percent lower than a year earlier and 18 percent below the February 1951 peak. Prices paid by farmers continued to increase after prices received turned down and reached a peak in April and May 1952. The drop in prices paid since then has been small, with most of the decline being in lower prices for feed and feeder livestock. As a result of these trends in prices received and paid by farmers, the parity ratio decreased. In August it was 92, compared with 103 a year earlier and 113 in February 1951.

Table 4 PRICE PAID BY FARMERS FOR COMMODITIES, INTEREST, TAXES AND
WAGE RATES. 1/ INDEX (1910-14 = 100)

(Annual, 1910-23)													
1910 - 97	1912 - 101	1914 - 103	1916 - 116	1918 - 173	1920 - 214	1922 - 151							
1911 - 98	1913 - 101	1915 - 105	1917 - 148	1919 - 197	1921 - 155	1923 - 159							
By Quarters, 1924-36 and by months, 1937													
August 1952													
Year	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Aver- age
1924	---	---	160	---	---	159	---	---	160	---	---	161	160
1925	---	---	165	---	---	164	---	---	163	---	---	162	164
1926	---	---	161	---	---	162	---	---	160	---	---	159	160
1927	---	---	155	---	---	159	---	---	159	---	---	159	159
1928	---	---	162	---	---	164	---	---	162	---	---	161	162
1929	---	---	162	---	---	161	---	---	160	---	---	159	160
1930	---	---	157	---	---	154	---	---	150	---	---	144	151
1931	---	---	138	---	---	132	---	---	126	---	---	122	130
1932	---	---	117	---	---	112	---	---	110	---	---	107	112
1933	---	---	102	---	---	105	---	---	115	---	---	115	109
1934	---	---	118	---	---	118	---	---	122	---	---	123	120
1935	---	---	125	---	---	125	---	---	123	---	---	125	124
1936	---	---	122	---	---	122	---	---	126	---	---	127	124
1937	129	130	132	133	134	133	133	132	130	129	128	127	131
1938	127	127	126	125	125	125	124	123	122	122	122	123	124
1939	123	123	122	123	123	122	122	121	123	123	123	123	123
1940	124	124	125	125	125	123	123	123	123	123	124	124	124
1941	126	126	126	128	129	130	133	135	137	139	140	142	133
1942	144	146	148	150	151	152	153	154	154	157	158	159	152
1943	162	164	166	169	171	172	172	173	172	175	175	166	171
1944	178	180	180	182	182	182	183	183	183	184	184	185	182
1945	187	188	188	190	190	190	190	190	190	191	191	192	190
1946	194	195	196	198	200	203	211	214	213	220	225	224	208
1947	227	229	234	237	237	238	240	242	245	247	249	253	240
1948	262	257	258	261	262	263	263	261	260	258	258	257	260
1949	256	253	256	255	254	253	251	249	249	247	246	247	251
1950	249	249	250	251	254	255	257	258	261	262	264	266	256
1951	273	277	281	284	284	283	283	283	283	284	285	285	282
1952	288	290	289	290	290	288	287	288	286	284	282	281	287
1953	284	281	282	280	280	277	279	279	277				280

1/ Revised January 1950

2/ January-September Average

(Current data published in monthly price report, Agricultural
Prices (BAE))

TABLE 5 PRICE RECEIVED BY FARMERS. $\frac{1}{2}$ IND. (JANUARY 1910-
DECEMBER 1914 = 100)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
1910	107	105	107	106	104	103	101	100	103	102	101	100	103
1911	100	97	94	92	92	93	94	95	95	94	94	95	95
1912	96	97	98	102	103	101	99	98	98	100	99	98	99
1913	97	98	99	100	98	99	99	101	105	108	108	106	102
1914	105	106	105	103	103	102	102	101	100	97	97	98	102
1915	99	100	98	100	101	98	97	95	97	102	102	102	99
1916	105	107	108	109	110	111	113	119	127	133	141	142	119
1917	143	150	156	173	183	185	184	185	188	194	194	197	178
1918	201	204	203	202	200	197	201	209	217	215	212	214	206
1919	210	200	204	214	220	219	236	247	217	220	228	227	218
1920	229	229	229	235	237	236	239	211	201	188	169	149	212
1921	142	130	127	118	114	111	115	121	126	131	129	126	124
1922	119	127	129	128	133	133	133	127	127	133	139	143	131
1923	143	143	143	144	141	137	135	134	141	144	147	147	142
1924	147	145	139	140	138	136	139	146	140	147	148	151	143
1925	158	156	159	155	154	156	158	159	154	156	156	155	156
1926	154	154	149	151	149	147	142	140	143	139	140	138	146
1927	137	137	135	134	136	137	138	140	148	149	149	149	141
1928	148	145	147	150	155	150	152	146	149	148	146	148	149
1929	146	149	149	147	144	144	149	151	149	149	147	147	146
1930	145	141	136	137	134	129	118	115	119	114	110	105	125
1931	101	96	97	97	91	85	85	82	80	77	80	76	87
1932	71	68	71	68	63	59	63	65	66	63	63	63	65
1933	59	55	56	60	69	72	82	78	78	78	80	77	70
1934	77	83	84	83	82	85	87	95	101	100	101	101	90
1935	108	113	112	114	111	107	104	105	106	108	108	111	109
1936	108	110	107	107	105	108	115	121	121	119	119	122	114
1937	126	127	131	131	129	126	129	121	118	113	108	106	122
1938	103	99	99	97	95	96	98	93	95	95	97	98	97
1939	95	95	94	94	92	90	91	90	99	98	99	98	95
1940	99	103	102	101	101	97	98	95	98	100	102	103	100
1941	106	106	107	114	115	120	126	129	139	137	137	142	123
1942	148	150	150	153	153	153	156	160	163	167	170	175	158
1943	181	184	191	195	193	193	191	191	192	195	195	198	192
1944	198	196	199	199	196	194	193	191	194	196	196	202	196
1945	204	202	204	207	204	209	209	207	202	206	211	213	206
1946	212	212	214	215	216	221	243	247	242	268	262	262	234
1947	256	260	278	274	267	267	273	272	285	285	287	301	275
1948	306	279	283	288	288	292	297	289	287	273	267	266	285
1949	265	255	258	256	253	249	246	244	247	242	237	235	249
1950	235	237	237	241	247	247	263	267	272	268	276	286	256
1951	300	313	311	309	305	301	294	292	291	296	301	305	302
1952	300	289	288	290	293	292	295	295	288	282	277	269	288
1953	267	263	264	259	261	259	259	258	256				

1/ Revised January 1950. 2/ Average per unit production payments made on butterfat, milk, beef cattle, sheep, and lambs are included for the period October 1943-June 1946 inclusive.

(Current data published in monthly price report, Agricultural Prices (B/E))

Table 6 SUGAR BEETS AND SUGARCANE SEASON AVERAGE PRICE PER TON
RECEIVED BY FARMERS ^{1/} AND PARITY PRICES

	Sugar Beets				Sugarcane		
	United States				Louisiana and Florida		
Year	Price :Received	Price as Parity % of	Price as % of Parity		Price :Received	Price as Parity % of	Price as % of Parity
	Dollars	Dollars	Percent		Dollars	Dollars	Percent
1937	7.15	7.26	98	:	3.79	4.92	77
1938	6.52	6.93	94	:	3.64	4.70	77
1939	6.72	6.76	99	:	3.80	4.59	83
1940	6.98	6.82	102	:	3.76	4.63	81
1941	8.32	7.20	116	:	4.86	4.89	99
1942	9.28	8.20	113	:	5.60	5.56	101
1943	11.35	8.80	129	:	5.74	5.97	96
1944	13.21	9.24	143	:	6.07	6.27	97
1945	12.69	9.40	135	:	6.77	6.38	106
1946	13.53	10.50	129	:	7.77	7.12	109
1947	14.24	12.60	113	:	8.34	8.58	97
1948	13.00	13.60	96	:	6.86	9.25	74
1949	13.27	13.30	100	:	7.38	9.03	82
1950	13.60	14.70	93	:	9.01	8.86	102
1951	14.09	15.90	89	:	7.38	9.14	81
1952	14.30 (Est)	15.60	92 (Est)	:	8.07	8.79	92
1953	14.80 (Est)	14.80 2/	100 (Est)	:	8.08 (Est.)	8.20 2/	98.5 (Est)

^{1/} Includes actual Sugar Act Payments (exclusive of abandonment and deficiency payments.) Also includes price support payments for sugar beets 1942 through 1947, and for sugarcane 1943, 1944 and 1945.

^{2/} Parity prices as of September 15, 1953.

Note: Parity prices for years 1937 through 1949 calculated under old method.
1950 through 1953 calculated under new method.

Source: Bureau of Agricultural Economics and Sugar Branch, PHL.

Table 7

SUGAR PRICES AND RELATED DATA YEARLY
1947 to 1952 AND MONTHLY JANUARY 1952 TO DATE

Period:	PRICES (Cents per pound):			PRICE INDEX NUMBERS (1947-49 = 100)				
	Raw Sugar:	Refined Sugar	Refined Sugar	All Foods	All Items			
	Duty Paid:	Wholesale:	Retail	Wholesale:	Retail:	Wholesale:	Retail	Retail
	N.Y.	N.Y. 1/	US Avg.	N.Y.	US avg:	US Avg	US Avg	US Avg.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Calendar Years								
1947	6.22	8.29	9.7	104	102	98	96	96
1948	5.56	7.76	9.4	97	98	106	104	103
1949	5.81	7.97	9.5	100	100	96	100	102
1950	5.93	8.00	9.75 2/	100	102	98	101	103
1951	6.06	8.38	10.12	105	106	110	113	111
1952	6.26	8.62	10.31	108	108	109	115	114
Months 1952								
January	5.80	8.21	10.12	102	106	109	115	113
February	5.77	8.15	10.08	102	106	108	113	112
March	6.16	8.38	10.02	105	105	108	113	112
April	6.31	8.65	10.14	105	106	108	114	113
May	6.21	8.65	10.24	108	107	108	114	113
June	6.43	8.69	10.30	110	108	108	115	113
July	6.48	8.80	10.36	110	109	111	116	114
August	6.43	8.80	10.46	110	110	112	117	114
September	6.50	8.80	10.48	110	110	111	115	114
October	6.59	8.80	10.50	110	110	110	115	114
November	6.44	8.80	10.50	110	110	109	115	114
December	6.06	8.71	10.48	109	110	104	114	114
1953								
January	6.04	8.58	10.58	107	111	105	113	114
February	6.16	8.50	10.50	106	110	104	112	113
March	6.33	8.65	10.48	108	110	105	112	114
April	6.38	8.75	10.52	109	110	104	112	114
May	6.35	8.75	10.54	109	111	104	112	114
June	6.37	8.75	10.56	109	111	104	114	115
July	6.41	8.79	10.58	110	111	105	114	115
August	6.40	8.85	10.60	111	111	105	114	115
September	6.41	8.85		111				
October								

1/ Subject to 2 percent discount. 2/ Beginning Jan. 1950, BLS reports price on 5-lb. package; price shown is pound equivalent.

Source: Column (1) computed from daily New York Coffee and Sugar Exchange spot prices. Col. (2) Lamborn Sugar Market Reports. Col. (3) BLS "Retail Food Prices by Cities." Col. (4) Quoted wholesale price reported by Lamborn Sugar Market Reports converted to an index by Sugar Branch. Cols. (5), (7), and (8) BLS monthly Consumers' Price Index (all items and commodity groups). Col. (6) BLS Average Wholesale Price Index.

Table 8

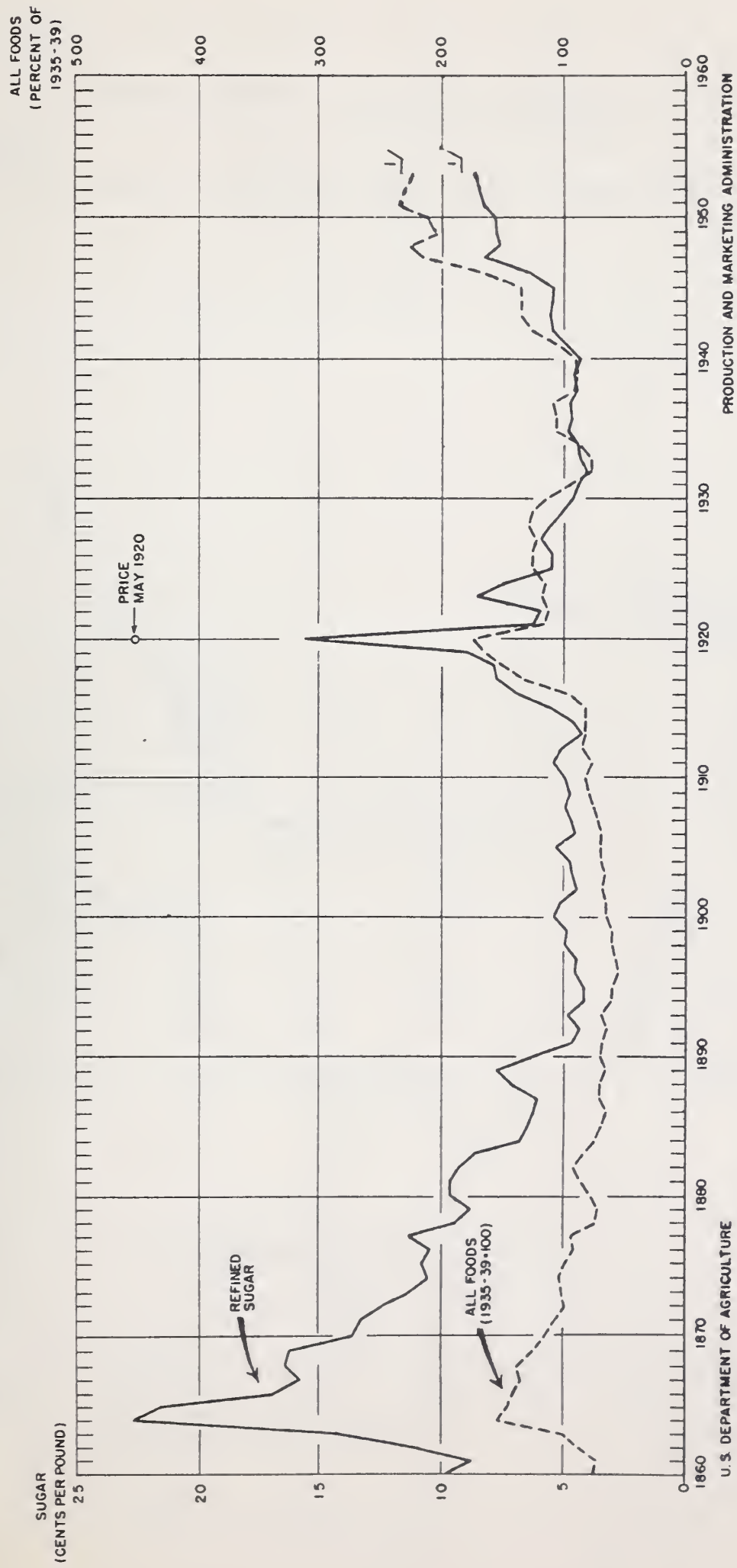
WHOLESALE REFINED SUGAR PRICES (QUOTED GROSS PRICES)
 CONSUMERS' PRICE INDEX, AND JAN. - OCT. 1947 AVERAGE CEILING
 PRICE ADJUSTED FOR CHANGES IN CONSUMERS' PRICE INDEX

Period	Quoted Price 1/	Consumers' Price Index (1947-49 = 100)	January - October 1947-Average Ceiling Price Adjusted for Changes in CPI 2/
1947-Jan.-Oct.average	8.27	94.6	8.27
1948 Cal.Yr.	7.76	102.8	8.98
1949 " "	7.97	101.8	8.89
1950 " "	8.00	102.8	8.98
1951 " "	8.38	111.0	9.70
1952 " "	8.62	113.5	9.91
Months			
1952			
Jan.	8.21	113.1	9.88
Feb.	8.15	112.4	9.82
Mar.	8.38	112.4	9.82
Apr.	8.65	112.9	9.86
May	8.65	113.0	9.87
June	8.69	113.4	9.90
July	8.80	114.1	9.97
Aug.	8.80	114.3	9.98
Sep.	8.80	114.1	9.97
Oct.	8.80	114.2	9.97
Nov.	8.80	114.3	9.98
Dec.	8.71	113.5	9.97
1953			
Jan.	8.53	113.9	9.95
Feb.	8.50	113.4	9.90
Mar.	8.65	113.6	9.92
Apr.	8.75	113.7	9.93
May	8.75	114.0	9.96
June	8.75	114.5	10.00
July	8.79	114.7	10.02
Aug.	8.85	115.0	10.04
Sep.	8.85	115.2	10.06
Oct.			

1/ Subject to 2 percent discount.

2/ Jan.-Oct. 1947 average of wholesale refined prices, N.Y. (8.2674)
 divided by Consumers' Price Index average for Jan.-Oct. 1947 (94.85)
 multiplied by Consumers' Price Index for respective period.

REFINED SUGAR PRICES, AND INDEX OF ALL FOOD PRICES, AT
WHOLESALE IN THE UNITED STATES ANNUALLY, 1860-1953



U.S. DEPARTMENT OF AGRICULTURE

1/1953 January to September

WHOLESALE SUGAR PRICES AND PER CAPITA DISPOSABLE INCOME ANNUALLY 1910-53

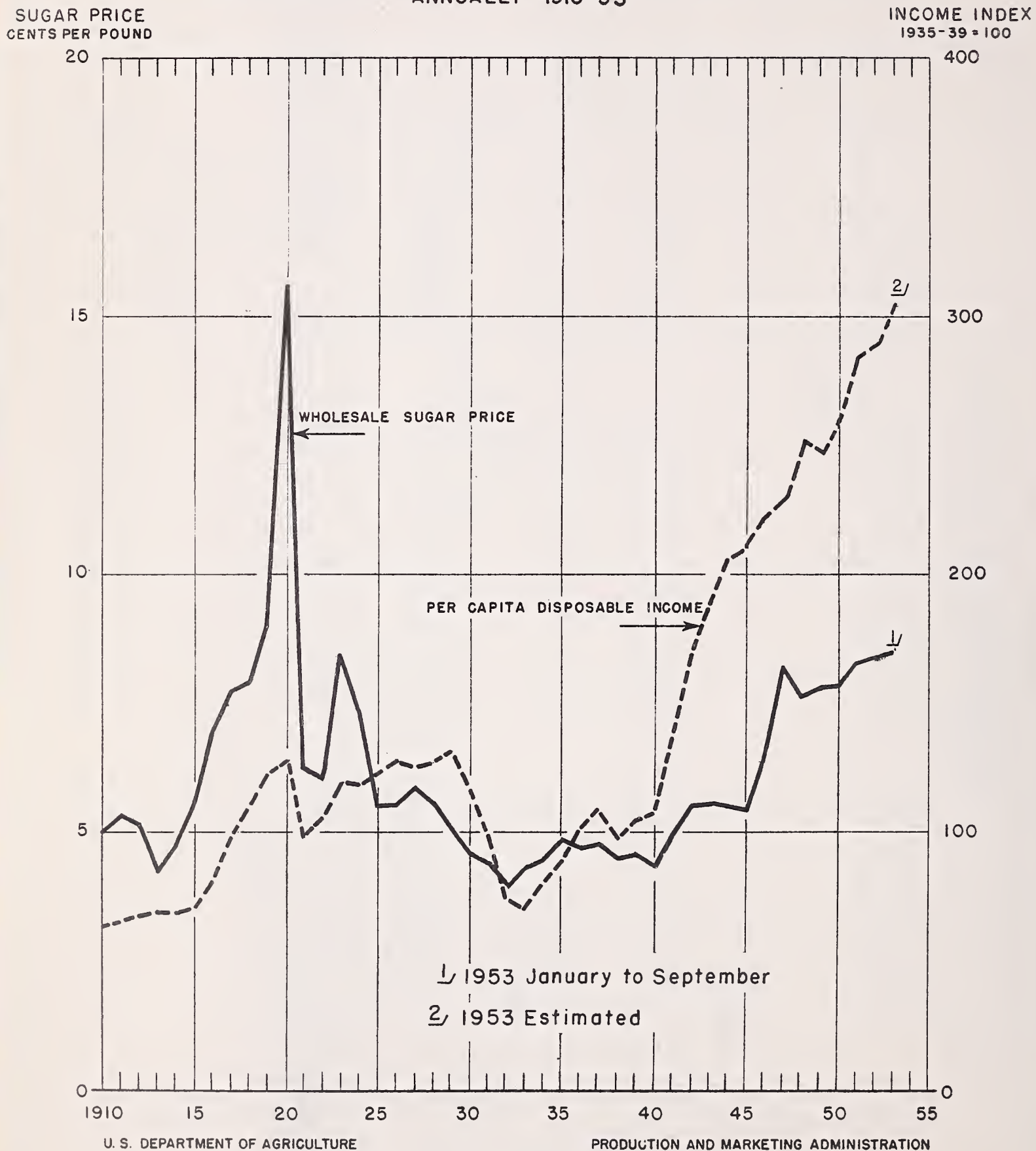


Figure 7

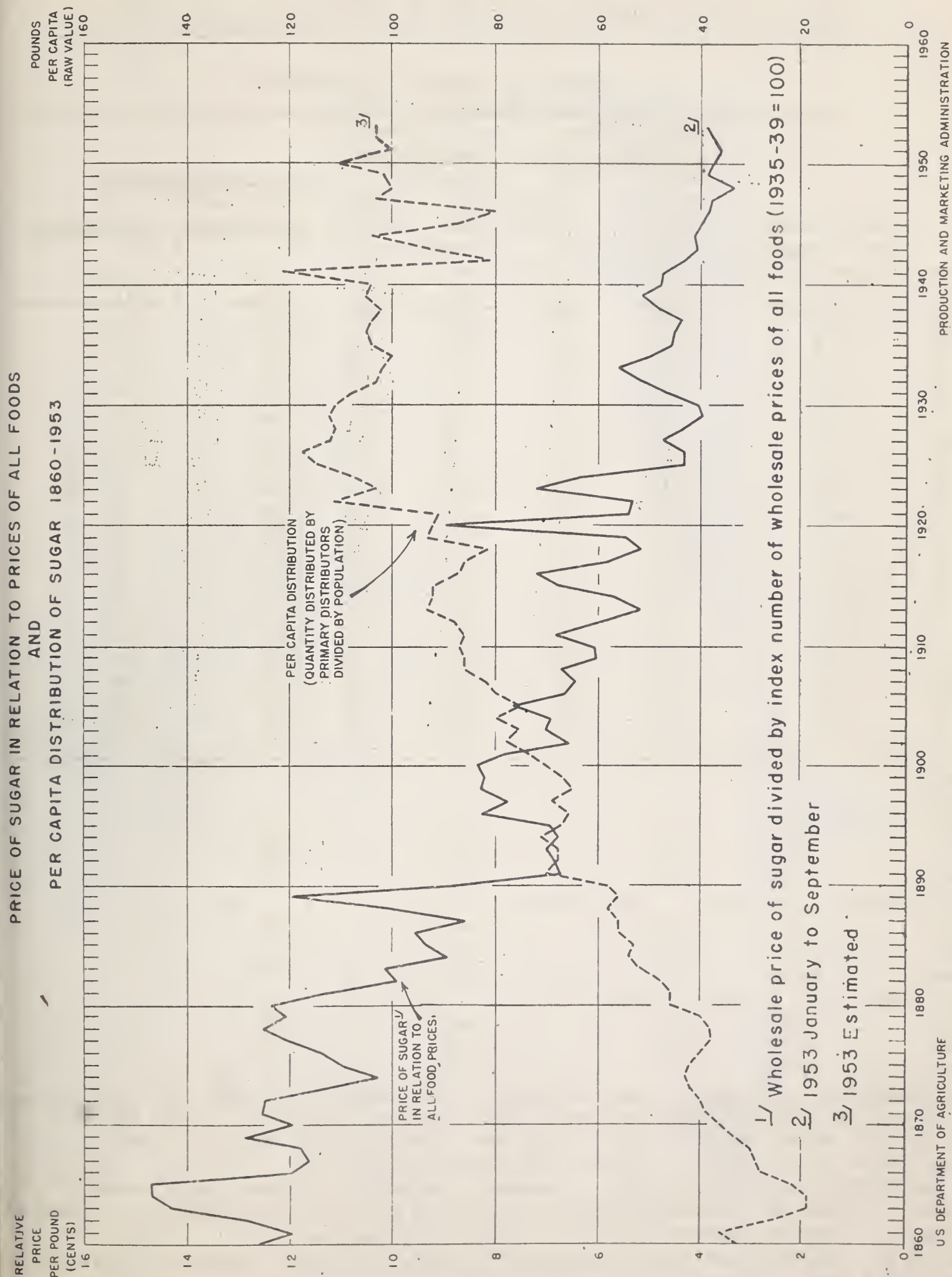


Table 9 . WHOLESALE PRICES OF SUGAR, AND INDEX NUMBERS OF ALL FOODS;
AND OF PER CAPITA DISPOSABLE INCOME: WHOLESALE PRICES OF SUGAR
IN RELATION TO WHOLESALE PRICE OF ALL FOODS AND TO PER CAPITA
DISPOSABLE INCOME: AND TOTAL AND PER CAPITA DISTRIBUTION OF SUGAR.

(ANNUALLY 1935-52 AND MONTHLY
JANUARY 1953 TO DATE)

Year	Sugar Price, Net Cash, N.Y. (cents, per lb.)	Index Numbers (1935-39 = 100)		Sugar Prices in Relation to		Sugar Distribution	
		Prices of all Foods (whole- sale)	Per Capita Dispos- able Income	Prices of all Foods (cents per lb.)	Per Capita Dispos- able Income	Total 1,000 : short tons : Raw Value	Per Capita lbs. Raw Value
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1935	4.85	106	89	4.58	5.45	6634	104
6	4.69	104	101	4.51	4.64	6706	105
7	4.73	108	108	4.38	4.38	6671	104
8	4.48	93	98	4.82	4.57	6643	102
9	4.58	89	105	5.15	4.36	6868	105
1940	4.33	90	112	4.81	3.87	6891	104
1	4.92	105	134	4.69	3.67	8069	121 1/
2	5.45	126	169	4.33	3.22	5466	81 1/
3	5.49	135	189	4.07	2.90	6335	93
4	5.46	133	207	4.11	2.64	7147	103
5	5.39	134	210	4.02	2.57	6041	86
6	6.34	166	219	3.82	2.89	5621	80
7	8.12	206	229	3.94	3.55	7448	103
8	7.60	222	250	3.42	3.04	7343	100
9	7.81	202	245	3.87	3.19	7580	102
1950	7.84	207	264	3.79	2.97	8279	109
1	8.21	232	284	3.54	2.89	7737	100
2	8.45	229	292	3.69	2.89	8104	103

Month

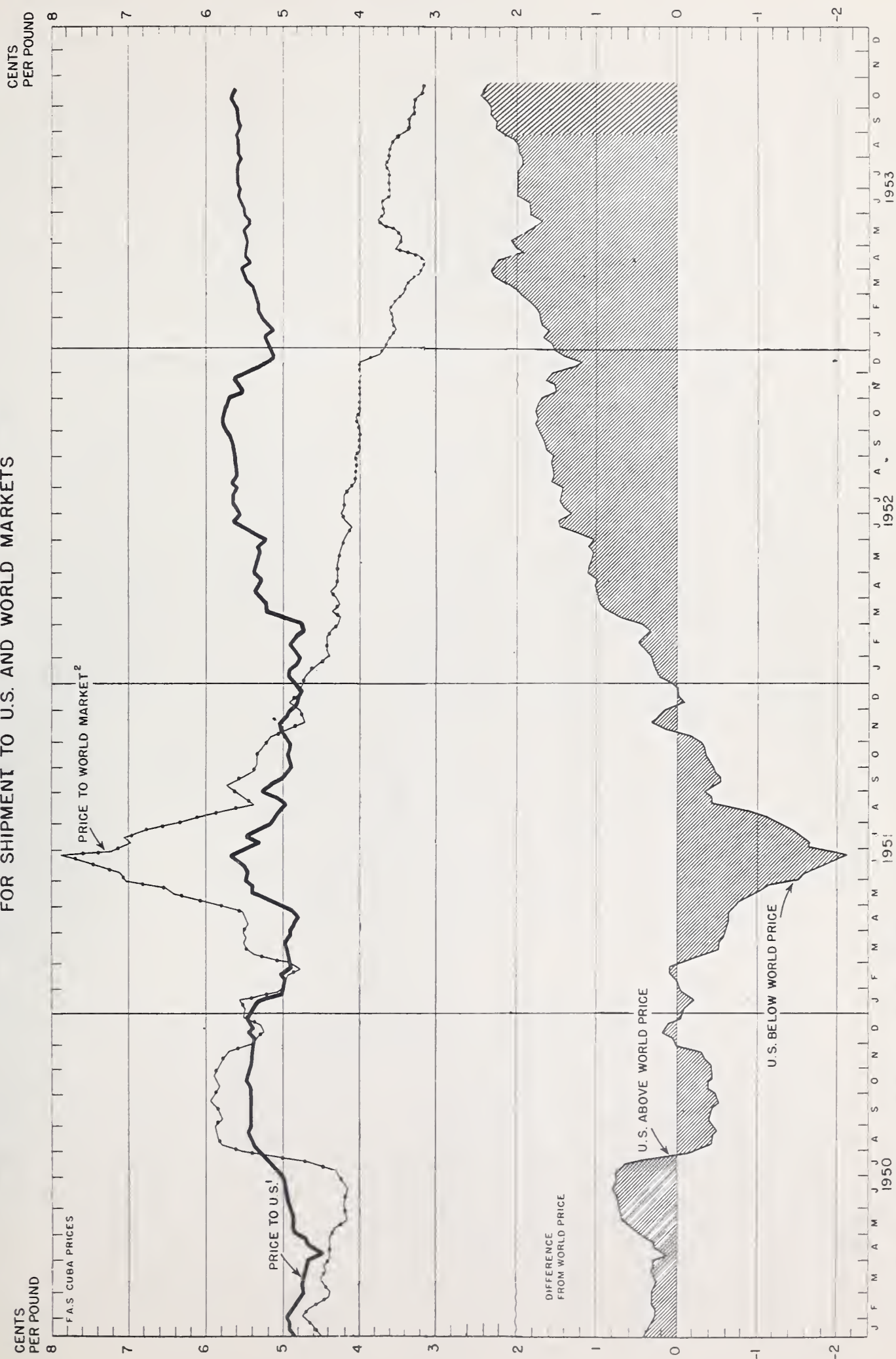
1953

Jan.	8.41	221			3.81	575
Feb.	8.33	219			3.80	546
Mar.	8.48	219			3.87	876
Jan.-Mar.Av.	8.41	220	301	<u>2/</u>	3.82 2.79	666
Apr.	8.58	217			3.95	587
May	8.58	219			3.92	598
June	8.58	218			3.94	780
Apr.-June	8.58	218	307	<u>2/</u>	3.94 2.79	655
July	8.62	221			3.90	885
Aug.	8.67	220			3.94	777
Sept.	8.67	224			3.87	821 <u>2/</u>
July-Sept.Av.	8.65	222	308	<u>2/</u>	3.90 2.81	828 <u>2/</u>

1/ Unusually large distribution during 1941 resulted in building up of the "invisible" supply carried over in 1942 and a considerable amount of sugar distributed during 1941 was actually consumed during 1942.

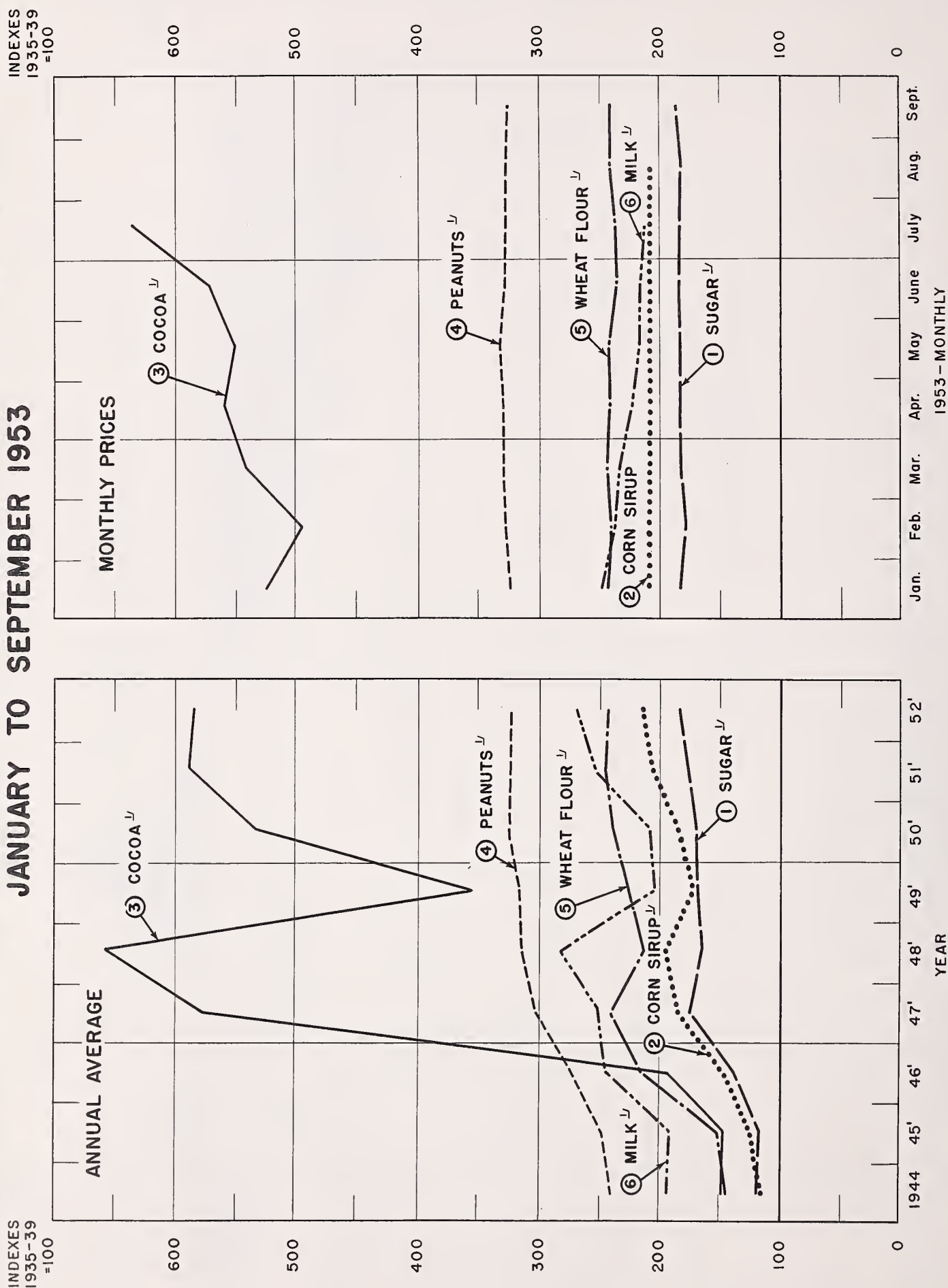
2/ Preliminary - at annual rate. Sources: Column 2: Lamborn Sugar Market Report. Column 3: Computed from data of Bureau of Labor Statistics, U.S. Dept. of Labor. Column 4: Computed from data of U. S. Dept. of Commerce. Column 5: Column (2) divided by column (3) x 100. Column 6: Column (2) divided by col. (4) x 100. Columns 7 & 8: Sugar Branch, FMA, USDA.

RAW SUGAR QUOTA PREMIUMS AND DISCOUNTS WEEKLY COMPARISON, F.A.S. CUBA PRICES OF RAW SUGAR FOR SHIPMENT TO U.S. AND WORLD MARKETS



1. NEW YORK PRICE LESS DUTY AND FREIGHT AND INSURANCE FROM HAVANA, CUBA
2. F.A.S. HAVANA, CUBA

INDEX NUMBERS OF WHOLESALE PRICES OF SELECTED INGREDIENTS IN SUGAR CONTAINING PRODUCTS, ANNUALLY 1944-52 AND MONTHLY JANUARY TO SEPTEMBER 1953



INDEX NUMBERS OF WHOLESALE PRICES OF SELECTED INGREDIENTS IN

JULY, 1944-52 AND MONTHLY JANUARY TO SEPTEMBER 1953

+35-39 = 100)

Table 10

Item	1944	1945	1946	1947	1948	1949	1950	1951	1952
(1) Sugar, granulated, f.o.b., New York, net cash	117.0	115.5	135.9	174.0	163.1	167.3	168.0	178.9	181.1
(2) Corn sirup, 42° unmixed in barrels, f.o.b. N.Y. 1/	114.7	120.9	144.0	181.2	192.1	169.8	180.9	203.4	211.1
(3) Cocoa, accra, fair fermented spot, New York	146.9	146.9	191.4	577.6	655.1	354.8	531.4	587.5	584.5
(4) Peanuts, season average price received by farmers 2/	238.9	245.7	270.4	300.1	310.5	314.5	323.8	309.0	320.8
(5) Wheat flour, hard winter, short patents, Kansas City	144.2	148.3	212.7	238.4	211.3	224.7	236.3	244.9	240.4
(6) Milk, 3.5% butterfat, price paid producers by condenseries, f.o.b. factory	190.8	188.7	241.0	248.2	279.8	201.6	205.9	253.2	268.3
1953									
Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
(1) Sugar, granulated, f.o.b., New York, net cash	180.2	178.5	181.7	183.9	183.9	183.9	183.9	183.9	185.8
(2) Corn sirup, 42° unmixed, in non-returnable drums, f.o.b. N.Y. 1/	209.7	209.7	209.7	209.7	209.7	209.7	209.7	209.7	209.7
(3) Cocoa, accra, fair fermented, spot, New York	524.8	495.0	541.3	559.4	551.2	571.0	635.3		
(4) Peanuts, season average price received by farmers 2/	323.8	326.8	329.8	329.8	332.7	325.8	329.8	329.8	326.8
(5) Wheat flour, hard winter, short patents, Kansas City 3/	242.5	239.0	243.8	241.8	243.5	236.6	235.6	240.8	243.5
(6) Milk, 3.5% butterfat, price paid producers by condenseries, f.o.b. factory	246.1	238.2	233.9	223.8	215.9	215.9	213.8		

1/ Data from January to August 1951 for corn sirup 43° unmixed, in barrels; data from September 1951 to date for corn sirup 42° unmixed, in non-returnable drums. 2/ Year beginning August 1 3/ Year beginning July 1. Sources: Computed from data supplied by: Item 1.-Sugar Branch, P. 4, U.S. Department of Agriculture. Item 2.-Bureau of Labor Statistics, U.S. Department of Labor, 1944-1950, Bureau of Agricultural Economics, U.S. Department of Agriculture, 1951, 1952, and 1953; Item 3.-Bureau of Labor Statistics, U.S. Department of Labor; Items 4, 5, and 6, Bureau of Agricultural Economics, U.S. Department of Agriculture.

Table 11

BASIC AND ADJUSTED SUGAR QUOTAS 1948 TO 1953
SHORT TONS, RPD VALUE

	BASIC QUOTAS				
	1949	1950	Final 1951	1952	1953 *
DOMESTIC AREAS					
Domestic beet	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Mainland cane	500,000	500,000	500,000	500,000	500,000
Hawaii	1,052,000	1,052,000	1,052,000	1,052,000	1,052,000
Puerto Rico	910,000	910,000	910,000	910,000	1,080,000
Virgin Islands	6,000	6,000	6,000	6,000	12,000
Total domestic areas	4,268,000	4,268,000	4,268,000	4,268,000	4,444,000
FOREIGN AREAS					
Philippines	982,000	982,000	982,000	974,000	974,000
Cuba	2,219,400	3,403,080	2,613,960	2,621,851	2,574,720
Other foreign	30,600	46,920	36,040	36,149	107,280
Total foreign areas	3,232,000	4,432,000	3,632,000	3,632,000	3,656,000
GRAND TOTAL	7,500,000	8,700,000	7,900,000	7,900,000	8,100,000
	ADJUSTED QUOTAS				
	1949	1950	Final 1951	1952	1953 *
DOMESTIC AREAS					
Domestic beet	1,500,000	1,899,000	1,700,000	1,560,000	1,700,000
Mainland cane	548,773	546,861	500,000	533,298	509,760
Hawaii	652,000	1,150,594	962,000	972,000	1,072,536
Puerto Rico	1,091,401	1,060,545	956,479	982,860	1,101,083
Virgin Islands	6,000	11,000	6,306	6,400	12,234
Total domestic areas	3,798,174	4,668,000	4,124,785	4,054,556	4,395,613
FOREIGN AREAS					
Philippines	557,000	532,000	782,000	774,000	874,000
Cuba	3,092,976	3,430,580	2,947,175	3,025,295	2,719,107
Other foreign	51,850	69,420	46,040	46,149	111,280
Total foreign areas	3,701,826	4,032,000	3,775,215	3,845,444	3,704,387
GRAND TOTAL	7,500,000	8,700,000	7,900,000	7,900,000	8,100,000

* As announced October 13, 1953

REQUIREMENTS OF CONSUMERS IN HAWAII AND PUERTO RICO

Section 203 of the Sugar Act requires the Secretary of Agriculture to " . . . determine the amount of sugar needed to meet the requirements of consumers in the Territory of Hawaii, and in Puerto Rico" He must do so, " . . . in accordance with such provisions of section 201 (of the Sugar Act) as he deems applicable" The quantities of sugar distributed for consumption in Hawaii and in Puerto Rico during the 12-month period ended October 31, 1953 are shown in Table 13. The population changes which have taken place in these areas since 1937 are shown in Table 14.

Table 12 DISTRIBUTION OF SUGAR BY PRIMARY DISTRIBUTORS FOR CONSUMPTION
IN PUERTO RICO AND HAWAII
12-MONTH PERIOD ENDED OCTOBER 31, 1953
(1,000 short tons, raw value)

<u>1952</u>	<u>Hawaii</u>	<u>Puerto Rico</u>
November	1	17
December	1	4
<u>1953</u>		
January	2	2
February	3	4
March	5	11
April	3	7
May	3	6
June	5	7
July	6	8
August	5	9
September	3*	11*
October	<u>1*</u>	<u>11*</u>
TOTAL	40	97

* Estimated same as corresponding months of 1952.

Table 13

POPULATION 1937-1952 AND SUGAR DISTRIBUTION BY PRIMARY DISTRIBUTORS
1937-1952, IN HAWAII AND PUERTO RICO

<u>HAWAII</u>		
<u>Year</u>	<u>Population 1/ (000 omitted)</u>	<u>Distribution of Sugar by Primary Distributors 1,000 short tons, raw value 2/</u>
1937	401	31
1938	410	27
1939	416	31
1940	428	33
1941	459	37
1942	582	47
1943	650	63
1944	859	78
1945	815	68
1946	545	38
1947	526	36
1948	517	37
1949	511	38
1950	491	40
1951	514	42
1952	522	36
1953	n.a.	

<u>PUERTO RICO</u>		
1937	1,777	72
1938	1,810	69
1939	1,844	62
1940	1,880	69
1941	1,935	78
1942	1,987	85
1943	2,033	97
1944	2,062	100
1945	2,099	116
1946	2,141	115
1947	2,162	125
1948	2,187	93
1949	2,197	97
1950	2,207	105
1951	2,233	103
1952	2,240	103
1953	n.a.	

1/ Estimates of populations as of July 1, Bureau of the Census; includes military personnel stationed in these areas.

2/ n.a. -Not available. Calendar Year. NOTE: Distribution in Hawaii includes sugar used in manufacture of sugar-containing products shipped to mainland.

Table 14
NUMBER OF EMPLOYEES, HOURLY EARNINGS, WAGES AND SALARIES, VALUE ADDED BY
MANUFACTURE, AND RATIO OF WAGES AND SALARIES TO VALUE ADDED BY MANUFACTURE IN THE
DOMESTIC SUGAR INDUSTRY (CONTINENTAL AND OFFSHORE EXCEPT VIRGIN ISLANDS, INCLUDING FARMS)

Group	Year	Employees		Wages and Salaries		Average Earnings per hour Production by manu- workers	Value added		Ratio of wages and salaries to value added by manufacture
		Total number	1/ 000 omitted	Total	000,000 omitted		000,000	percent	
Farms	1947	262.1	2/4/	\$ 169.8		0.49	5/ \$394.7	43.02	
	1949	326.8	3/	164.1		0.53	5/ 360.9	45.47	
	1950	341.9	3/	174.3		0.56	5/ 416.9	41.81	
	1951	304.3	3/	163.2		0.56	5/ 374.9	43.53	
Raw Cane Mills	1947	38.1		43.3		0.80	87.9	49.26	
	1949	38.1		45.1		0.85	80.4	56.09	
	1950	42.0		47.3		0.85	94.6	50.00	
	1951	39.4		48.7		0.87	94.9	51.32	
Cane Sugar Refining	1947	17.5		47.2		1.21	98.1	48.08	
	1949	17.2		53.4		1.34	100.6	53.09	
	1950	17.4		57.7		1.47	116.3	49.60	
	1951	16.8		56.8		1.58	113.5	50.10	
Beet Sugar Processors	1947	28.4		35.6		1.16	118.0	30.13	
	1949	20.6		31.6		1.33	82.1	38.52	
	1950	23.1		37.5		1.40	81.0	46.30	
	1951	21.0		37.3		1.51	97.2	38.41	

1/ Estimated - approximate peak number of employees.

2/ Crop years

3/ Field workers including working farm operators.

4/ Crop of 1948

5/ Does not include payments in kind such as housing, garden plots, etc.

6/ For farms value added by manufacture is total crop value at farm, including Sugar Act payments. For all of the other groups, value added by manufacture is calculated by subtracting the cost of materials, supplies and containers, fuel, purchased electric energy, and contract work from total value of shipments. Source: Prepared in Sugar Branch, PCA, U.S. Department of Agriculture on the basis of data from various sources.

TABLE 15 NUMBER EMPLOYEES AND HOURLY EARNINGS OF PRODUCTION WORKERS
IN SPECIFIED FOOD INDUSTRIES 1947 AND 1949 TO 1951 IN THE UNITED STATES

Industry Group	Year	Number of Employees		Earnings per Hour Production Workers
		Total 2/	Production Workers 2/	
		(000 omitted)		(dollars)
Grain Mill & Bakery Products 1/	1947	290.7	197.1	93.6
	1949	304.9	200.0	104.9
	1950	307.4	200.8	106.6
	1951	320.1	206.5	113.6
Confectionery & Related Products 1/	1947	91.7	78.1	13.6
	1949	92.2	75.6	16.6
	1950	96.5	76.4	20.1
	1951	81.6	66.7	14.9
Dairy Products 1/	1947	52.5	37.2	15.3
	1949	55.6	34.5	21.1
	1950	59.4	34.3	25.1
	1951	57.6	34.3	23.3
Bottled Soft Drinks	1947	79.4	41.2	38.2
	1949	n.a.	41.4	n.a.
	1950	n.a.	42.8	n.a.
	1951	84.2	36.8	47.4
Canning, Preserving & Freezing 1/	1947	175.1	156.3	18.8
	1949	176.0	156.1	19.9
	1950	173.9	150.7	23.2
	1951	185.3	163.5	21.8
Flavorings	1947	11.7	7.2	4.5
	1949	n.a.	n.a.	n.a.
	1950	11.7	6.9	4.8
	1951	10.5	6.1	4.4

1/ Industries included in this tabulation are: For Grain Mill & Bakery Products (a) Cereal preparations, (b) Bread & other bakery products, (c) Biscuits, crackers, & pretzels; for Confectionery & Related Products (a) Confectionery products, (b) Chocolate & cocoa products, (c) Chewing gum; for Dairy Products (a) Concentrated milk, (b) Ice cream & ices; for Canning, Preserving & Freezing (a) Canning & preserving except fish, (b) Pickles & sauces, (c) Frozen foods.

2/ For 1947 - Average of pay periods ending nearest to the 15th of each month; For 1949, 1950, & 1951, average of pay periods ending nearest to the 15th of March, May, August & November.

n.a. Comparable data not available.

Source: Computed from data of the Bureau of the Census, U. S. Department of Commerce.

TABLE 16. WAGES, SALARIES, VALUE ADDED BY MANUFACTURE, AND RATIO OF WAGES AND SALARIES TO VALUE ADDED BY MANUFACTURE IN SPECIFIED FOOD INDUSTRIES 1947 AND 1949 TO 1951 IN THE UNITED STATES - Continued

Industry Group	Year	Wages and Salaries			Value added by Manufacture	Ratio wages and salaries to value added by manufacture (percent)
		Total	Wages	Salaries		
		- - - (000,000 omitted) - - -				
Grain Mill & Bakery products <u>1/</u>	1947	\$795.9	\$454.7	\$341.2	\$ 1,496.0	53.20
	1949	915.1	515.3	399.8	1,735.8	52.73
	1950	961.0	537.5	423.5	1,799.1	53.42
	1951	1,067.6	593.1	474.5	1,987.5	53.72
Confectionery and related products <u>1/</u>	1947	214.6	155.7	58.9	587.1	36.55
	1949	228.3	164.1	64.2	511.0	44.69
	1950	253.3	177.2	76.1	576.0	43.97
	1951	238.5	167.7	70.8	533.8	44.68
Dairy products <u>1/</u>	1947	134.9	87.1	47.8	376.8	35.79
	1949	156.8	87.0	69.8	441.3	35.53
	1950	162.3	88.9	73.4	437.8	37.08
	1951	173.4	101.0	72.4	437.0	39.68
Bottled Soft Drinks	1947	194.3	83.3	111.0	420.7	46.19
	1949	n.a.	86.2	n.a.	476.1	n.a.
	1950	n.a.	90.5	n.a.	491.8	n.a.
	1951	242.7	78.9	163.8	508.6	47.71
Canning, Preserving & Freezing <u>1/</u>	1947	363.2	296.9	71.3	791.7	46.51
	1949	373.8	293.0	80.8	810.7	46.11
	1950	395.8	306.4	89.4	n.a.	n.a.
	1951	476.3	380.8	95.5	1,007.3	47.28
Flavorings	1947	37.1	17.7	19.4	158.3	23.46
	1949	n.a.	n.a.	n.a.	n.a.	n.a.
	1950	34.5	17.8	16.7	166.7	20.69
	1951	32.1	17.2	14.9	171.5	18.74

1/ Industries included in this tabulation are: For Grain Mill and Bakery Products (a) Cereal preparations (b) Bread and Other Bakery Products, (c) Biscuits, Crackers, and Pretzels; for Confectionery and Related Products (a) Confectionery Products, (b) Chocolate and cocoa products, (c) Chewing gum; for Dairy Products (a) Concentrated milk, (b) Ice cream and ices; for Canning, Preserving and Freezing (a) Canning and preserving except fish, (b) Pickles and sauces, (c) Frozen foods.

n.a. Comparable data not available.

Source: Computed from data of the Bureau of the Census, U.S. Department of Commerce.

TABLE 17 NET PROFIT AFTER INCOME TAXES AS A PERCENTAGE OF NET WORTH
OF U.S. MANUFACTURERS OF FOOD AND RELATED PRODUCTS, 1936 to 1952. 1/ 2/

Computed from reports filed with the Securities and Exchange Commission and reports published in "Moody's Manual of Investments - Industrials".

Industry Group <u>3/</u>	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
Beet sugar (pct.)	9.5	12.1	8.0	4.9	6.9	6.8	9.1	6.3	5.4	4.3
(No. co.s in group)	6	6	6	6	6	6	6	6	6	6
Raw cane sugar (pct.)	15.8	13.3	6.4	6.2	6.7	8.8	8.2	5.5	2.9	4.0
(No. co.s in group)	7	7	7	7	7	7	7	9	10	9
Refined cane sugar (pct.)	4.8	4.6	0.9	2.7	3.6	3.6	4.6	4.5	5.3	4.6
(No. co.s in group)	3	3	4	4	4	4	4	5	4	6
Soft drinks (pct.)	30.4	35.9	34.3	38.2	35.1	36.1	27.3	26.9	24.8	22.0
(No. co.s in group)	8	10	10	12	12	12	13	12	11	11
Candy & chewing gum (pct.)	17.2	15.3	17.2	20.0	18.8	18.9	15.9	16.6	15.1	14.1
(No. co.s in group)	11	11	11	11	11	11	11	11	9	13
Proc. fruits & veg. (pct.)	11.2	13.9	6.5	-4.3	9.8	8.3	10.5	8.9	8.6	8.5
(No. co.s in group)	8	9	9	9	9	9	9	10	10	11
Biscuits & crackers (pct.)	10.3	9.0	9.4	9.3	8.2	8.0	8.7	8.5	9.2	10.9
(No. co.s in group)	6	6	6	6	6	6	6	6	6	6
Bread and cake (pct.)	6.9	5.8	7.8	6.6	6.4	5.2	9.3	10.9	9.3	9.0
(No. co.s in group)	7	7	7	7	7	7	7	8	9	9
Dairy products (pct.)	9.1	7.6	8.1	9.4	8.9	9.9	9.9	10.2	10.9	11.8
(No. co.s in group)	8	8	8	8	8	8	8	9	9	11
Meat pkg. & allied prod. (pct.)	5.7	3.4	-0.9	4.4	5.4	9.0	8.4	8.1	7.7	5.7
(No. co.s in group)	12	13	13	13	13	13	13	14	13	14
Groce. spec. & misc. food products (pct.)	15.9	10.2	12.4	11.0	11.8	11.0	10.4	10.4	10.3	10.5
(No. co.s in group)	13	14	14	14	14	14	14	14	14	15
Grain mill prod. (pct.)	9.6	10.0	8.4	11.2	9.0	8.9	8.0	9.9	17.2	10.1
(No. co.s in group)	8	9	9	9	9	9	9	10	10	11

Continued-

TABLE 17. NET PROFIT AFTER INCOME TAXES AS A PERCENTAGE OF NET WORTH OF U.S. MANUFACTURERS OF FOOD AND RELATED PRODUCTS, 1936 to 1952.^{1/2/} - Contd.

Industry Group ^{3/}	1946	1947	1948	1949	1950	1951 ^{4/}		1952
						Old Data	New Data	
Beet sugar (pct.)	5.0	8.6	9.1	9.1	7.5	9.0	9.0	7.0
(No. co.s in group)	6	6	6	6	6	6	9	9
Raw cane sugar (pct.)	5.4	11.5	5.2	6.0	9.5	10.9	8.5	6.6
(No. co.s in group)	9	9	8	8	8	8	24	24
Refined cane sugar (pct.)	5.8	10.2	7.5	7.6	8.6	7.0	6.7	6.6
(No. co.s in group)	6	5	3	3	3	3	5	5
Soft drinks (pct.)	22.8	26.4	22.5	20.9	17.4	13.2	13.6	14.2
(No. co.s in group)	12	12	10	10	10	10	19	18
Candy & chewing gum (pct.)	20.5	30.2	20.7	22.3	20.1	13.4	11.9	11.2
(No. co.s in group)	13	15	10	10	10	10	23	22
Proc. fruits & veg. (pct.)	12.3	14.8	10.4	8.8	9.2	13.2	12.0	4.7
(No. co.s in group)	11	10	6	6	6	6	17	17
Biscuits & crackers (pct.)	21.8	21.0	18.3	17.5	15.6	12.0	12.9	12.6
(No. co.s in group)	6	6	6	6	6	6	7	7
Bread and cake (pct.)	23.6	18.4	21.5	15.5	14.6	11.3	11.5	11.4
(No. co.s in group)	9	9	7	7	7	7	22	21
Dairy products (pct.)	20.0	16.6	13.4	15.3	13.9	11.1	10.8	10.0
(No. co.s in group)	11	11	8	8	8	8	23	22
Meat pkg. & allied prod. (pct.)	12.9	15.1	5.8	3.7	6.6	4.0	5.1	4.0
(No. co.s in group)	14	14	12	12	12	12	20	20
Groc. spec. & misc. food products (pct.)	18.0	18.6	15.3	12.6	15.5	11.1	10.7	9.1
(No. co.s in group)	15	17	12	12	12	12	41	41
Grain mill prod. (pct.)	11.8	18.0	14.5	12.4	12.2	9.6	11.9	9.6
(No. co.s in group)	11	13	7	7	7	7	22	22

^{1/} Percentages derived by dividing total net profit after income taxes of reporting companies by total net worth.

^{2/} Data are for fiscal years ending during years shown.

Sources: 1936-47 - "Survey of American Listed Corporations - Data on Profits and Operations Including Surplus", Securities and Exchange Commission.

1948-50 - Reports filed with S.E.C.

1951-52 - "Moody's Manual of Investments - Industrials".

^{3/} These data are based on consolidated balance sheets and income statements of the food processors for which data are reported. Profits and net worth cover all operations of the reported companies whether domestic or foreign, food or non-food. Foreign companies, as such, were excluded as were food processors whose major business was non-food.

The companies included are grouped according to their major line of food processing. Where the major food line of a multiple food company could not be determined the company was included in the group entitled "Grocery specialties and miscellaneous food products".

^{4/} Percentages shown in column designated "old data" were reported in Agriculture Information Bulletin No. 111, "The United States Sugar Program", July 1953, and cover the same firms which reported their 1950 operations to the S.E.C.. Percentages shown in col. designated "new data" cover the expanded number of companies reported by Moody's.

PARITY PRICES OF SUGAR BEETS AND SUGARCANE

Although parity prices of sugar beets and sugarcane are not among the factors the Sugar Act directs the Secretary of Agriculture to consider in determining annual sugar requirements, they are frequently cited for broad comparisons. Certain characteristics of parity prices should be noted in connection with such comparisons.

The Parity Concept and Methods of Calculating Parity Prices

The "parity price" concept first gained general recognition and use under the Agricultural Adjustment Act of 1933. That Act declared that it was the policy of Congress, among other things, to "re-establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period." The base period for all commodities, except tobacco, was the period August 1909-July 1914.

The method of calculating the parity prices which were effective for all commodities prior to January 1, 1950--now referred to as the "old" parity prices--is as follows:

- (1) Determine the average price of the commodity for the base period August 1909-July 1914. For commodities where data were not available during this period, base periods August 1919-July 1929, August 1934-July 1939, or August 1936-July 1941 were used.
- (2) Determine the Index of Prices Paid by Farmers, using the base period corresponding to the base period for prices received for each commodity. After 1935 interest and taxes were included in the index of prices paid for sugar crops and all others for which an August 1909-July 1914 base period applies.
- (3) For the period for which a parity price is desired, multiply the average price of the commodity during the base period by the Index of Prices Paid by Farmers including interest and taxes or the Index of Prices Paid by Farmers.

The Agricultural Act of 1949, which was effective January 1, 1950, established a support program for some agricultural commodities, based on a new parity formula.

The "new" formula incorporates two major changes in the computation of parity prices. First, the base period used in determining the average price received for a commodity is on a current basis--the most recent ten-year period prior to the year in which the parity price is computed. Consideration is given not only to the average price received for the commodity during the preceding ten-year period, but also to changes between 1910-14 and the ten-year base

in prices received by farmers for farm commodities in general. The change from a fixed to a current base period permits the adjustments for individual commodities resulting from new technology in production and marketing or from changes in consumption habits which have gradually developed over the years to be reflected in the parity prices of individual commodities.

The second major change is the inclusion of wage rates paid to hired labor in the index of prices paid.

The steps in calculating the parity price by the "new" formula are:

- (1) Determine the average price for the commodity in the most recent ten-year period.
- (2) Divide the ten-year average price for the commodity by the average of the indexes of prices received by farmers for all commodities (1910-14 = 100) for the same ten-year period. This produces the "adjusted base price."
- (3) Multiply the "adjusted base price" for the commodity by the current index of prices paid by farmers, including interest, taxes and wage rates (1910-14 = 100).

The Agricultural Act of 1949 contemplates that for the so-called "non-basic" commodities such as sugar beets and sugarcane, the effective parity price will be that computed by the "new" formula. However, to avoid any abrupt drops in prices for non-basic commodities when the "new" formula price is below the "old", the Act provides for "transitional" parity prices. The use of the "transitional" parity price permits the parity price of a commodity to decline by increments of not more than 5 percent per year from the parity price that would have been computed by the "old" formula.

If, on January 1, 1950, the parity price computed by the "new" formula was higher than that computed by the "old" formula, the "new" formula price became effective immediately. If the "transitional" parity price--5 percent below the "old formula" price--was as high or higher than the "new" parity price in January 1950 the "transitional price" was the effective parity price. The "transitional" parity price--10 percent below the "old" formula parity price in 1951, 15 percent below in 1952, 20 percent below in 1953, etc.--is the effective parity price for a commodity until such time as the "transitional" parity price is lower than the indicated parity price as calculated under the new formula. Once the "new" parity price becomes effective it continues to be the effective price from that time onward.

Parity Prices for Sugarcane and Sugar Beets

From 1950 to 1953 the "new" and "old" parity price per ton of sugar beets were: (See Figure 10)

	Sugar Beets	
	Annual average of monthly parity prices	
	<u>New Formula</u>	<u>Old Formula</u>
1950	\$ 14.70	\$ 13.75
1951	15.90	15.00
1952	15.60	15.25
1953*	14.80	15.20

* As of September 15, 1953.

Since the new parity price for sugar beets was higher than the old in 1950, it was then and continues to be the effective parity price. The "new" parity prices for sugarcane were less than 95, 90 and 85 percent of the "old" parity prices in 1950, 1951 and 1952 respectively, hence the "transitional" parity prices were the effective prices in those years. Since the "new" parity price for sugarcane was higher than the "transitional" parity price in January 1953 it then became and will continue to be, the effective parity price.

The "new", "old", and "effective" parity prices per ton for sugarcane have been: (See Figure 10)

	Sugarcane		
	Annual average of monthly parity prices		
	<u>New Formula</u>	<u>Old Formula</u>	<u>Effective</u>
1950	7.99	9.32	8.86 Transitional
1951	8.83	10.16	9.14 Transitional
1952	8.63	10.33	8.79 Transitional
1953*	8.20	10.30	8.20 New

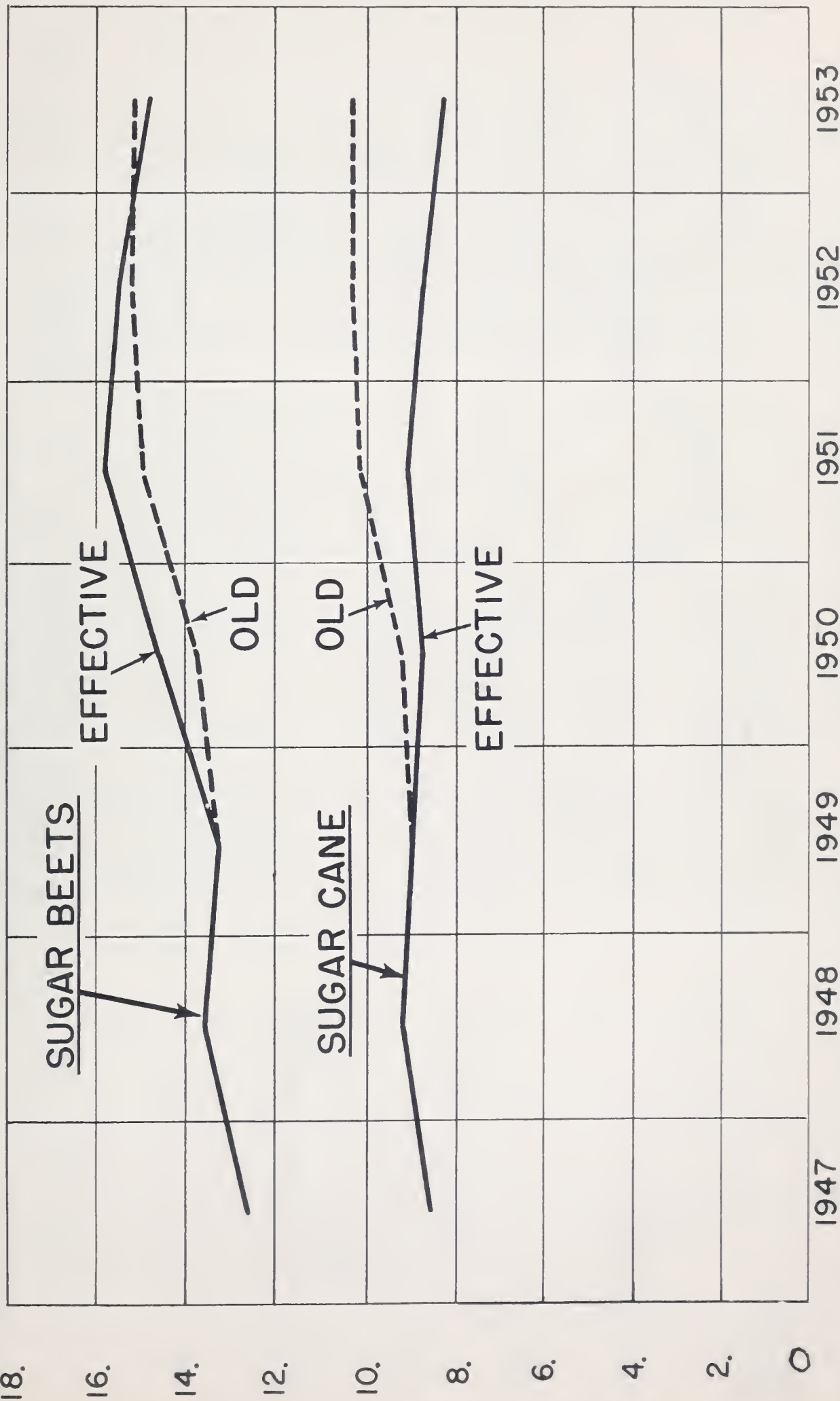
* As of September 15, 1953

A question often asked is, why has the parity price computed by the new formula been higher than the old in case of sugar beets and considerably lower than the old in the case of sugarcane? (Figure 10). As was pointed out in an earlier paragraph, the parity price computed by the "new" formula reflects the changes which have developed since the period 1910-14 in the price relationship among commodities.

Sugar beet prices since 1937 have been higher relative to the 1910-14 prices for beets than have sugarcane prices in relation to the average 1910-14 cane prices (Figure 11). In addition, during most of the years 1940 through 1951, the relative prices for sugar beets have been higher than the average for all commodities whereas the relative prices for sugarcane have been below those for all commodities. As a result of these trends in prices, the "new" parity price has been higher than the "old" for sugar beets and lower than the "old" for sugarcane.

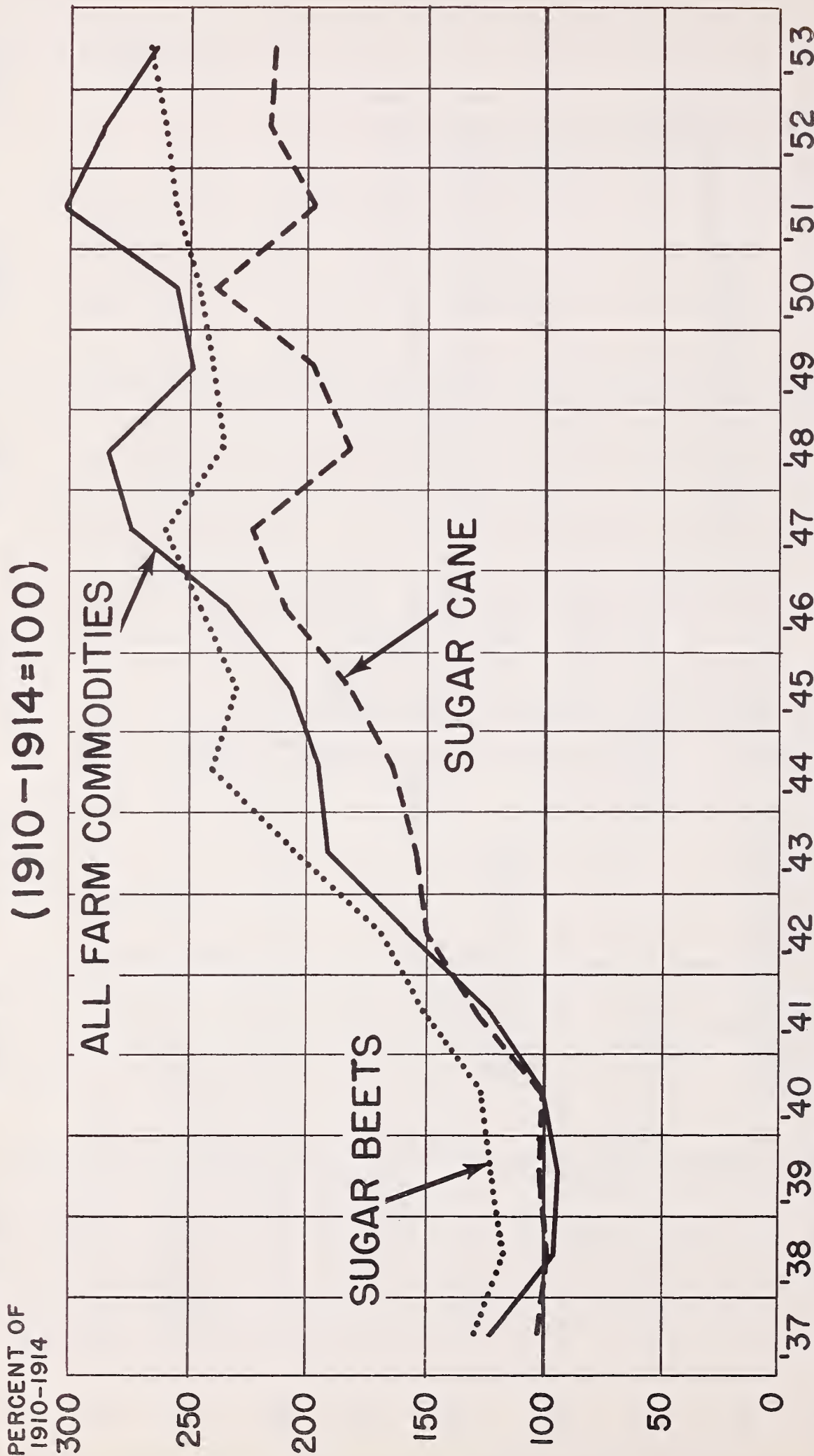
EFFECTIVE AND OLD PARITY PRICES FOR SUGAR BEETS AND SUGAR CANE 1947-1953^{1/}

DOLLARS
PER TON



^{1/} 1953 based on prices prevailing as of Sept. 15, 1953.

ANNUAL AVERAGE PRICES RECEIVED BY FARMERS FOR SUGAR BEETS,* SUGAR CANE* AND ALL FARM COMMODITIES, 1937-1953¹



¹ 1952 average prices for Sugar Beets estimated. January to July average for 1953 - Cane and Beet prices estimated.

* Includes actual Sugar Act Payment (exclusive of abandonment and deficiency payments). Also includes Price Support payments for Sugar Beets 1943 thru 1947. And for Sugar Cane 1943 thru 1945.

The next question which naturally follows is, why have producer returns for sugar beets increased more relatively than have returns for sugarcane? The trends in producers' returns for sugarcane and sugar beets have been influenced by several important factors.

During the base period 1910-14, the sugarcane producers' share of the value of sugar produced from cane was substantially greater than was the sugar beet producers' share of the value of sugar produced from beets. Thus, the opportunity for increasing the producers' share of the proceeds from the sale of sugar was much greater for sugar beet producers than for sugarcane producers. Even with the greater increase in producers' returns for sugar beets since 1910-14, sugar beet producers received, during the period 1948 to 1952, slightly less per pound of recovered sugar content of their beets than sugarcane growers received per pound of recovered refined sugar from their cane. Actual producer returns per ton of beets and cane and per pound of sugar produced therefrom were as follows:

	Average Producer Returns Per Ton (Exclusive of Sugar Act Payments) (dollars)	Average Yield of Refined Sugar Per Ton (pounds)	Average Producer Returns Per Pound of Sugar Pro- duced (cents)
<u>1910-14</u>			
Sugarcane	3.73	131.6	2.83
Sugar Beets	5.50	252.8	2.18
<u>1948-52</u>			
Sugarcane	6.60	151.6	4.37
Sugar Beets	11.24	283.4	3.97

The manner of determining producer prices has also influenced the rate of increase in producer returns somewhat. Returns for sugarcane are based primarily on a fixed percentage of raw sugar prices regardless of the level of such prices whereas the percentage share of the proceeds from the sale of refined sugar which most sugar beet producers receive increases, within specified limits, as prices of refined sugar increase.

Many sugarcane farms are large; Sugar Act payments which are scaled down for large farms average less per pound for cane sugar than for beet sugar. From 1942 to 1950 the average rate of Sugar Act payments to sugar beet producers was \$0.79 per hundred pounds of sugar while the average rate to cane producers was \$0.68. In terms of producers' returns per ton of sugar beets and sugarcane, the rate of payment during the period 1942 to 1950 was \$1.15 for cane and \$2.46 for beets.

The Agricultural Act of 1949 provides that wartime subsidy payments be considered in determining parity prices of a commodity. These payments were higher on the average for beets than for cane.

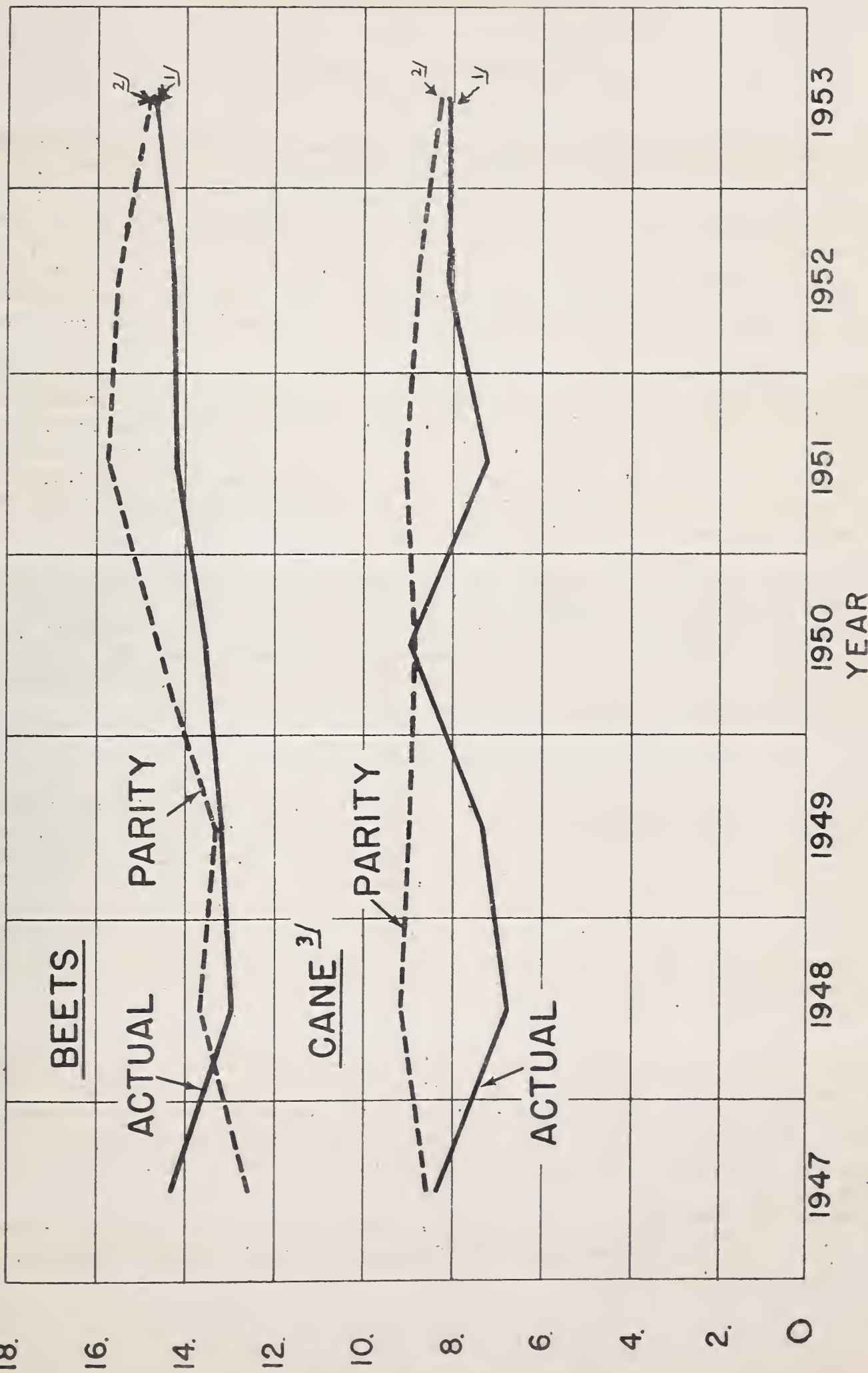
Year	Average wartime support payments			
	Sugar Beets (dollars per ton)	Sugarcane	Sugar Beets (dollars per hundredweight of refined sugar)	Sugarcane
1943	1.36	0.30	0.48	0.20
1944	2.88	0.75	0.99	0.52
1945	2.11	1.45	0.77	1.02
1946	--	--	--	--
1947	1.30	--	0.47	--

Two factors which have affected returns to sugarcane producers to much greater extent than returns to beet producers are climatic conditions and variable molasses prices.

Because cane is more susceptible to freeze damage than beets and because of the relatively small area in which it is produced, weather hazards have a greater effect on total producer returns for a particular sugarcane crop than is true in the case of sugar beets. Due to differences in purchase contracts, molasses prices, which have been extremely variable during the past few years, have a much greater effect on returns to sugarcane producers than on returns to sugar beet producers. The effect of these factors were especially strong in the years 1948 thru 1951. In 1948 and 1951 the quality of cane was lower than average. In 1949 although the recovery of sugar from cane was fairly high, the price of molasses was extremely low. In 1950 both sugar recovery and molasses prices were unusually high.

GROWER PAYMENTS, ACTUAL AND PARITY FOR SUGAR BEETS AND SUGAR CANE

DOLLARS
PER TON
18.



1/ Estimated
2/ As of September 15, 1953
3/ Mainland cane only

THE NEW INTERNATIONAL SUGAR AGREEMENT

By Paul E. Callanan ^{1/}

A new International Sugar Agreement was concluded at London on August 24, 1953. The successful Conference, called under the auspices of the United Nations, marked the end of a long series of discussions and negotiations which began exactly 5 years earlier. It was on August 24, 1948, that the International Sugar Council, administrative body of the sugar agreement of 1937, appointed a special committee to conduct a continuous review of the world sugar situation and to examine the need for a new agreement. The quota and stock provisions of the 1937 sugar agreement have been inoperative since the beginning of World War II.

Delegates from 38 countries and observers from 12 others gave representation at the London conference to the principal sugar producing and consuming areas of the world, including the Soviet bloc. The U.S. delegation was headed by True D. Morse, Under Secretary of Agriculture. Alternate delegates were Lawrence Myers, Director of the Sugar Branch, Production and Marketing Administration, U.S. Department of Agriculture, and Winthrop G. Brown, Deputy to the minister for Economic Affairs, American Embassy, London.

Sir Wilfred Eady of the United Kingdom was elected Chairman of the Conference, and his leadership contributed materially to its success. He was assisted by Baron Paul Kronacker of Belgium and J. M. Troncoso of the Dominican Republic, who were elected first and second vice chairmen, respectively. The agreement negotiated is for a 5-year period and will become effective January 1, 1954, if a sufficient number of Governments have ratified by that time.

B A C K G R O U N D

Sugar is an important item in world trade, and many countries are singularly dependent for their livelihood on the condition of the world's sugar market. The history of sugar is one of extreme economic nationalism, burdensome surpluses and acute shortages, sharp price fluctuations, and marked shifts in the pattern of production and trade. These disruptive elements in the world's sugar commerce have persisted over a long period of years. In the main they have resulted from dislocations in supply caused by the impact of war and resultant efforts by many countries to produce a large part or all of their requirements with little regard to comparative advantages.

Efforts to regulate international marketings of sugar also have a long history, beginning with a four-power agreement in Western Europe as early as 1864. It is noteworthy that the sugar agreement of 1937 differed from other commodity control agreements of that period in that it gave full participation to importing countries and thus anticipated a principle which has since found general acceptance.

^{1/} Mr. Callanan, author of the above article, is an international economist on the Agricultural Products Staff, Office of International Materials Policy, Department of State.

World War II radically altered the pattern of world sugar production and trade. To meet pressing needs of the United States and our allies, Cuba's production was rapidly expanded each year from the prewar average of 3.2 million tons; demand continued large in the postwar period, and by 1952 a crop of 8 million tons was produced. In the Far East, however, the important sugar industries of Indonesia, Taiwan, and the Philippines suffered such extensive war damage that they have not yet returned to prewar levels. The European beet-sugar industries were also seriously damaged but recovered quickly; their output now exceeds prewar production. Increased production in other areas also helped overcome the deficit in the Far East, and by 1951 total world production of sugar was one-third higher than prewar.

Although consumption was increasing, it did not keep pace with increasing supplies and a surplus situation threatened as early as 1949. In the summer of 1950 member countries of the International Sugar Council were engaged in drafting a new sugar agreement to meet the situation when the Korean outbreak temporarily removed all fears of a sugar depression. Characteristically, sugar prices doubled in the following year, but by the spring of 1953 prices had receded to their lowest levels since 1945.

PRINCIPAL FEATURES OF THE NEW AGREEMENT

The new sugar agreement has three objectives: (1) to assure supplies of sugar to importing countries and markets for sugar to exporting countries at equitable and stable prices, (2) to increase the consumption of sugar throughout the world and (3) to maintain the purchasing power in world markets of countries largely dependent upon the production or export of sugar.

A basic export quota is assigned to each exporting country. This quota represents the country's proportionate share of the world's "free" market for sugar. At the beginning of each year, basic export quotas are adjusted pro rata so that in total they equal the estimated requirements of the world market during the year. The agreement declares that the price of sugar shall be considered equitable to both producers and consumers if the world price is maintained within a range of 3.25¢ to 4.35¢ per pound. To accomplish this the Sugar Council set up to administer the new agreement is given the authority to make further adjustments in export quotas on a pro rata basis whenever the world price of sugar moves outside the price range which the agreement seeks to maintain. To facilitate the stabilization of prices by removing the pressure of excess supplies, exporting countries are obligated to restrict production to the quantity needed to provide for local consumption, to fill their export quotas, and to maintain the maximum stocks permitted under the terms of the agreement.

Importing countries have but one principal obligation under the agreement. In return for the assurance of adequate supplies at fair and stable prices they are obligated to restrict their purchases of sugar from nonparticipating exporting countries to the quantity which they purchased in a certain base period. This provision prevents nonparticipating exporting countries from gaining unlimited benefits from the agreement without bearing any of the obligations imposed on participating countries.

In its operative mechanism the new International Sugar Agreement is basically different from the recently extended International Wheat Agreement. The wheat agreement is a multilateral contract to buy or sell specified quantities of wheat at certain minimum and maximum prices. The sugar agreement contains no obligation on the part of importers to buy or exporters to sell at any price. It is noteworthy, however, that the new sugar agreement is much more flexible in its provisions than its predecessor, the sugar agreement of 1937. Rigidities in the quota structure have been eliminated, and the inclusion of a definite price goal is a marked improvement.

THE FREE MARKET

The world "free" market for sugar, which the agreement seeks to apportion among the exporting countries, represents all the export market for sugar not filled through special trading arrangements recognized by the agreement. This market was estimated by the Statistical Committee at 4.5 million metric tons for the year ending August 31, 1953. As lifting of rationing in the United Kingdom was imminent, it was decided for the purpose of negotiation to consider the size of the free market in 1954 as somewhere around 5 million metric tons. The exporting countries present at the Conference originally requested quotas of about 7 million tons. Several weeks of discussions resulted in the original requests being scaled down considerably, and the basic quotas as finally adopted total under 5.4 million tons. The quotas for the individual countries are shown in the following table:

	<u>Metric tons (in thousands)</u>
Belgium	50
Brazil	175
China (Taiwan)	600
Colombia	5
Cuba	2,250
Czechoslovakia	275
Denmark	70
Dominican Republic	600
France	20
Germany, Eastern	150
Haiti	45
Hungary	40
Indonesia	250
Mexico	75
Netherlands	40*
Peru	280
Philippines	25
Poland	220
U.S.S.R.	200
Yugoslavia	20
	<u>5,390</u>

* (The Netherlands has undertaken not to export over the years, 1954, 1955, and 1956, taken as a whole, a greater amount of sugar than they import during the same period.)

It is generally agreed that the needs of the free market will be substantially less than 5.4 million tons in 1954. The basic quotas will therefore need to be reduced sharply in the first year of the agreement. In the first place, it remains to be seen whether the United Kingdom will need the 500,000 tons allowed to meet the unrationed demand of its consumers. Secondly, much of the sugar needed to meet the increased demand has already been provided under a special purchase arrangement negotiated last summer with Cuba and involving over a million tons of sugar at concessional prices.

As indicated earlier, the free market by definition does not include sugar moving under special trading arrangements recognized in the agreement. All sugar destined for consumption in the United States is therefore excluded. The United States imports about 3.5 million tons of sugar from foreign countries each year, principally from Cuba and the Philippines. These imports are subject to quota restrictions under our domestic legislation, which also regulates marketings of sugar from our mainland and insular areas, with the result that sugar prices in the United States are usually higher than sugar prices in the world market.

The bulk of the sugar requirements of the United Kingdom and the British Commonwealth are also excluded from the free market. Sugar produced in the British Commonwealth is afforded preferential tariff treatment and in large part assured an outlet at higher than market prices. The trade in sugar among the territories and nations of the British Commonwealth is governed by the provisions of the British Commonwealth Sugar Agreement of 1951. By assuring a market outlet, this arrangement represents an effort to reduce dollar expenditures for sugar by increasing the available supply in sterling areas.

The agreement, which runs through 1960, assigns quotas to each producing area of the Commonwealth and in total provides for an increase in exports to a level of 2,375,000 long tons. To accomplish this the United Kingdom agrees to buy 1,640,000 long tons at a price negotiated annually and related to the costs of production. For 1953 this negotiated price was 5.3 cents per pound. The residual amount, 735,000 tons, would be sold to the preferential markets of the Commonwealth at the world market price plus the prevailing tariff differential. The Commonwealth agreement has been successful in stimulating production, and it is anticipated that its overall goals will be reached in another year.

Sugar moving into the Soviet Union from Poland and Czechoslovakia is excluded from the free market, as are shipments of sugar within the French Union. Movements of sugar between Belgium, the Netherlands, France, and the Federal Republic of Germany are also excepted, at least up to a net amount of 175,000 tons of sugar a year. Thus somewhat less than half the sugar moving annually in international trade falls within the concept of the free market. It is the marketing of this nonpreferential sugar which the new International Sugar Agreement seeks to stabilize.

SAFEGUARDS TO PROTECT IMPORTERS

The purpose of international commodity control agreements is to influence supplies and prices. The presence and adequacy of devices employed to protect consumers' interests are therefore of immediate concern to importing countries.

Several provisions in the International Sugar Agreement are designed for the protection of importers from the free market. The principal one is an obligation on the part of exporters to maintain certain inventories of sugar. Each exporting country agrees to hold stocks at least equal to 10 percent of its basic export quota, at a fixed date each year immediately preceding the beginning of its new harvest. Since stocks are normally at their low point at that time of year, this provision assures that they will be in excess of 10 percent during the remainder of the year.

These minimum stocks are earmarked to fill increased requirements of the free market and may be used for this purpose only when the export quotas in effect are larger than the basic export quotas. The Sugar Council may increase the minimum stocks required to 15 percent should it determine that conditions warrant the higher level. Exporting countries are allowed to carry stocks up to 20 percent of their annual production. This permissive feature would seem to allow an additional factor of protection for importers. Exporters can be expected to carry more than a minimum level of stocks in order to have sugar available for sale should the needs of the market increase.

Because the world's sugar market is sometimes faced with abnormal demands arising from emergency situations, another provision of the agreement undertakes to assure a priority to participating importing countries when such situations arise. If the Sugar Council determines that, notwithstanding other provisions of the agreement, the state of demand is such that importers are threatened with difficulties in meeting their requirements, the Council must design and recommend measures to give effective priority to those requirements. Exporting countries are then obligated to give priority, on equal terms of sale, to participating importing countries.

Two other provisions of the agreement operate jointly as an additional assurance that world supplies of sugar will not be reduced below reasonably safe margins in order to increase the market price. Actual export quotas may not be reduced more than 20 percent below basic export quotas. To prevent undue hardship, the quotas of small exporting countries may be reduced by only 10 percent. Even if reductions of this magnitude are insufficient to maintain prices within the desired range, it is unlikely that many exporting countries would be willing to accept more drastic cuts in view of the adverse effects on their economies. This would be particularly true if the prices of other commodities were falling. To permit continued operation of the agreement, resort may be had to another provision, which empowers the Sugar Council to modify the price range at any time. This flexibility assures that if market conditions render the maintenance of the chosen price range unworkable without intolerable restrictions on production, then the price range can be lowered and suspension of the agreement avoided.

In a situation where commodity prices in general were rising rapidly, the ability of the Sugar Council to increase the price range could also be important to consumers. Keeping the world price of sugar in some reasonable relationship with other commodity prices would mean that productive forces would not be diverted away from sugar toward other commodities with resultant lower production and decreasing supplies.

The voting provisions also assure that importing countries will have an important voice in the Sugar Council. Half of the votes are distributed among the importing members and half among the exporting members, and, although voting provisions differ on some matters, importing countries have an equal voting power on all decisions taken by the Council in the interpretation and operation of the agreement.

THE SUGAR COUNCIL

An International Sugar Council consisting of one member from each of the participating countries is established to administer the new agreement. A chairman and a vice chairman will be selected each year, and these offices will be held in alternate years by representatives from importing and exporting countries. The Council will, however, have an executive director as its senior officer, to give full-time administrative direction to the work of the Council, its executive committee, and the secretariat. The agreement provides that the Council shall establish an executive committee of 10 members divided equally between the importing and the exporting countries and that this committee shall exercise such functions as are delegated to it by the Council. It is anticipated that the executive director, working with the executive committee, will thus conduct the day-to-day affairs of the Council in the administration of the agreement.

The total of 2,000 votes assigned to the participants is divided equally between the importing and the exporting countries. In general the votes assigned to the individual importing countries are related to their average imports. In the case of the United Kingdom and the United States, by far the largest importers, an allocation of votes in strict proportion to their imports of sugar from foreign countries would have resulted in their having an overwhelming majority. Accordingly their votes were scaled down to 245 each, which, taken together, are less than a majority of the importer votes. On the exporting sides votes were allocated in relation to average production over the past 2 years and to the basic export quotas negotiated under the agreement. As Cuba is by far the world's largest producer and exporter of sugar and would thus have a preponderance of the exporter votes on a strict formula basis, Cuba's votes were also reduced to 245.

Decision of the Council in most matters will be by a majority of the votes cast by the importing countries and a majority of the votes cast by the exporting countries. In a few instances a special vote is required, and in such cases a decision must be approved by at least two-thirds of the total votes cast, which shall include a concurrent majority of both sides. A special provision requires that, in both regular and special voting, a decision taken by a majority of the importing countries must include votes cast by not less than one-third in number of the importing countries present and voting. This increases the voting power

of the smaller importing countries, whose votes, taken together, are only slightly larger than the total votes of the United Kingdom and the United States.

The sugar agreement is open for signature until October 31, 1953. The quota provisions of the agreement will come into force on January 1, 1954, if by December 15, 1953, ratifications have been obtained from governments holding 60 percent of the votes of importing countries and 75 percent of the votes of exporting countries. Provision is made that, if the required number of governments have not ratified the agreement by a certain time, the remaining governments may decide to put the agreement into effect among themselves.

THE OUTLOOK

On the assumption that the required number of countries would sign and ratify the agreement, an interim committee of 10 countries has been appointed to draft rules of procedure and undertake preparatory work.

The International Sugar Council set up to operate the new agreement will hold its organization meeting on December 16, 1953. The most important agenda item will be the consideration and approval of an estimate of the quantity of sugar needed in 1954 to meet the needs of the free market. This estimate will be the base for a pro rata adjustment of the basic export quotas negotiated under the agreement.

World market prices have been declining steadily during the past year. From a high of 3.75¢ in mid-May of 1953 they declined to 3.15¢ in early October, which is lower than the minimum price the agreement seeks to maintain. Excellent sugar beet crops are in prospect in both Eastern and Western Europe this fall, and the new International Sugar Agreement will be put to a severe test to stabilize prices during its first year of operation. It is likely that export quotas will have to be considerably reduced at the outset to accomplish this.

Whatever the outcome, the fact that it was possible to secure agreement on measures to regulate trade in a commodity whose marketing has long presented troublesome problems is another benchmark in the history of international cooperation in economic affairs.

